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Gdansk in 1988: Old Fervor Is Absent

By Michael Dobbs
Washington Post Service
GDANSK, Poland — "Come with us!" shouted the young workers as they marched through the Lenin shipyard, waving a red and white Polish flag and urging fellow workers to go out on strike.

trasts between then and now are startling. In a way, they sum up how Poland has changed in the last eight years of labor upheavals, martial law and gradual return to

Inside the yard, however, the atmosphere has been very different. The strike of August 1980 released a passionate outpouring of pent-up emotion. For two weeks, the shipyard was the stage for a nonstop political seminar. Even Communist Party members joined the strike.

istic and the cynical, between the hard-core Solidarity supporters and those who have lost their sense of commitment to the first independent union in a Communist country.

NEWS ANALYSIS

what passes for normality in the Communist world. Superficially, the scene at the shipyard's much-photographed Gate No. 2 in the last few days is similar to the scene in 1980. There are flowers, banners announcing "Occupation Strike" and pictures of the Polish-born pope, John Paul II, and the Black Madonna, Poland's most venerated icon. Workers in grimy overalls sit on the shipyard wall, chanting "Solidarity! Solidarity!"

The government of General Wojciech Jaruzelski is well aware of the divisions, not just in the Lenin shipyard but all over Poland. Exploiting these divisions is central to the government's strategy for breaking what has developed into the most serious outbreak of labor strife here since the imposition of martial law in December 1981.

After Solidarity activists declared the strike at the shipyard on Monday morning, the management

See STRIKE, Page 2



Demonstrating before Burma's Embassy in Bangkok on Wednesday, a group of Burmese residents in Thailand waved signs calling for democracy before word of the government's concessions arrived.

Rangoon Yields to Protesters

Martial Law Ends In Capital, Plan For Vote Gains

By Keith B. Richburg
Washington Post Service
BANGKOK — Burma's embattled president, U Maung Maung, announced Wednesday night that martial law had been lifted in the capital city of Rangoon and said a party congress would decide next month whether to call a popular referendum on ending single-party rule.

In a radio broadcast monitored in Bangkok, U Maung Maung, who last week was named Burma's first civilian president in 26 years in the face of growing unrest, seemed to give his personal endorsement to the idea of multiparty government.

He said that he and the entire ruling party central committee would resign immediately if next month's party congress rejected the idea of a referendum.

U Maung Maung's remarks came as student-led anti-government protests appeared to be spreading.

Originally fueled by rising discontent over the dismal state of the economy last year, the protests have lately taken on a decidedly political content, with young demonstrators advocating, among other things, Western-style liberal democracy and an end to the rigid state control of the economy.

On Wednesday, government workers and bank employees joined the students' call for a nationwide general strike, bringing the capital and other cities to a virtual standstill.

Hundreds of thousands of demonstrators convened on the center of Rangoon, chanting "Down with socialism" and "We want democracy," according to reports from news agencies and Western diplomats.

Wednesday's protest was described as one of the largest yet, with some diplomats estimating that as many as a million people might have thronged Rangoon's streets.

When army troops had been deployed in Rangoon began piling into their trucks after martial law was officially lifted, witnesses said, thousands of the demonstrators chanted, "We have won!"

U Maung Maung said the ruling Burma Socialist Program Party would convene a congress Sept. 12 at which members would be asked whether the referendum should be held.

If pledging to quit if the referendum idea was rejected, U Maung Maung appeared to be trying to pressure the party into accepting what would amount to a fundamental change in the way the nation is governed. If the plan is rejected, he said, he will resign immediately along with the other 14 members of the party's ruling central executive committee.

U Maung Maung pointed out that U Ne Win initially posed the idea for the referendum last month before stepping down as the Burmese leader, but the party rejected it and instead selected a hardliner, U Sein Lwin, to replace him. U Sein Lwin, however, lasted only two weeks before being forced from power.

Diplomats in Rangoon said U Maung Maung met early Wednesday morning with U Ne Win before putting forth the referendum idea in his radio speech Wednesday evening.

If the people voting in the referendum choose multiparty democracy for Burma, U Maung Maung said, the national legislature, or People's Assembly, will be called back into emergency session to enact a new election law.

"General elections will be held as soon as possible," he said.

He added that neither he nor any current member of the government would run in those elections.

Poland Gaining Over Strikes

By Jackson Diehl
Washington Post Service
WARSAW — The Communist authorities and supporters of the banned Solidarity trade union struggled Wednesday for control of enterprises around Poland, with strikes in six coal mines ending even as new ones erupted in several areas.

Over all, the government of General Wojciech Jaruzelski appeared to retain the initiative as it pressed

strike, and unrest also spread in the port of Gdansk and the Lenin steel mill near Krakow.

Police operations in the Silesian mining district of Walbrzych and the Baltic port of Szczecin forced an end to three strikes, official reports said.

In Hungary, miners and a brief strike over income tax. Page 2.

By early Wednesday evening, both government and opposition spokesmen said they were struggling to keep up with new developments in the see-saw conflict, which centers on Solidarity's demand for legalization.

Seven people were reported detained in Walbrzych, but in both cities strikers walked out of occupied enterprises peacefully after the riot squads moved in.

With police pressure growing, four other coal mines were reported to have abandoned strikes. But eight coal mines remained on

"The strike situation is wavering," said Adam Michnik, a leading dissident, acting as a spokesman for Solidarity in Gdansk.

See POLAND, Page 2

Klosk Drive Renewed By Armenians

MOSCOW (AP) — Thousands of residents of the Nagorno-Karabakh Autonomous Region rallied Wednesday to revive a campaign for annexation of their disputed region to Armenia, and the region's legislature voted to pass the grievances on to the central leadership in Moscow.

The protest and the legislative action ended a month of relative quiet in the Caucasus Mountains area of the southern Soviet Union. The Armenian majority of the region has sought to break away from the republic of Azerbaijan and be transferred to Armenia.



Tsunomu Kawara, resigning as minister of defense in Japan after a collision at sea that killed 30. Page 6.

General News
Michael S. Dukakis attacked the Reagan administration for its economic policies. Page 3.

Eritrean rebel forces are reported to be gaining ground in Ethiopia. Page 6.

Science
Researchers are closing in isolating the elusive stem cell in the marrow of bones. Page 7.

Business/Finance
A respected U.K. institute urged the government to raise taxes to cool runaway consumer spending. Page 9.

Dow Jones Industrial Average
Up 37.34
The Dollar in New York
DM 1.8825
Pound 1.8655
Yen 133.85
FF 6.3855

A Storm Erupts in Israel Over U.S. Warning on Deportations

By Joel Brinkley
New York Times Service
JERUSALEM — A storm erupted in Israel on Wednesday over unusually harsh criticism that the United States directed at Israel earlier in the week for its policy of expelling Palestinians. Israel rejected the criticism.

from Washington. If the latest expulsion orders are carried out, they will raise to total in 1988 to 60, according to the State Department spokeswoman, Phyllis Oakley.

As with every notable incident in Israel, partisan political bickering broke out about who "leaked" the substance of the criticism. Accusations centered on the Foreign Ministry, headed by the Labor Party leader, Shimon Peres.

A week ago, the government deported four Palestinians and issued expulsion orders for 25 more, by far the largest deportation order since the Palestinian uprising began last winter.

A once quiet Arab village in the West Bank is now a center of hate and militancy. Page 6.

Officials from the conservative Likud bloc suggested that the ministry had made the comments public to embarrass Mr. Shamir as the Israeli elections on Nov. 1 neared.

Pickering that Israel fully intended to continue deporting people considered dangerous. The prime minister's press adviser, Avi Pazner, said Mr. Shamir "explained our policy and justification for acting against those inciters" and added that the Supreme Court had recently ruled in favor of the policy.

Mr. Pazner said Mr. Pickering told the prime minister the criticism "was supposed to be secret, and he was sorry it was published."

The United States and others have said the deportation policy is a violation of international law, specifically the Geneva Convention of 1949. As Israel often does, it said Israeli law took precedence over international law.

See PROTEST, Page 2

New Factors Complicate Bundesbank Rate Move

By Ferdinand Protzman
International Herald Tribune
FRANKFURT — The Bundesbank, West Germany's central bank, is facing a tough decision Thursday on whether to raise its key lending rates amid signs that the factors that have powered the dollar's prolonged ascent and the Deutsche mark's weakness may be losing force.

around the world are focusing on the meeting and some market participants said they believed the West German central bank would raise either its key discount rate, currently at 3 percent, or its Lombard lending rate, now at 5 percent.

Economists said interest rates and recent currency-market developments would top the agenda when the Bundesbank's policy-setting central bank council meets Thursday after a four-week summer recess. A news conference is scheduled after the meeting, which will be chaired by the Bundesbank president, Karl Otto Pohl.

The U.S. trade bill may strengthen the government's hand. Page 5.

Foreign exchange dealers

in a bid to boost the mark and put the brakes on the dollar. But such a decision has been made more difficult by a number of recent developments, including heavy and coordinated central-bank intervention over the past five trading sessions, fresh data indicating that U.S. economic growth is slowing while West Germany is enjoying an export boom, and comments from senior U.S. and Japanese financial officials indicating that they do not want the dollar to rise further.

Dealers said the mark gained ground and the dollar weakened following a comment Wednesday by the governor of the Bank of Japan, Satoshi Sumita. Mr. Sumita said he strongly expected the mark to stabilize soon because there was no special reason for it to weaken.

He added that the mark's weakness was mainly the result of market speculation.

His remarks reinforced the view stated Tuesday by a senior U.S. See RATES, Page 13

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The United States and others have said the deportation policy is a violation of international law, specifically the Geneva Convention of 1949. As Israel often does, it said Israeli law took precedence over international law.

Two more Palestinians died in rioting on Tuesday night and Wednesday, bringing the uprising's death toll to at least 227.

On Tuesday night, Palestinians

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He added that neither he nor any current member of the government would run in those elections.

South African Army: Its Image Is Challenged

By Bernard E. Trainor
New York Times Service
NEW YORK — The reputation of the South African Army as an invincible force has been challenged by the war along the Angolan-Namibian border.

roomed southern Angola, attacking black nationalist guerrilla forces who are fighting for the independence of Namibia.

Although the Pretoria government has the strongest fighting force in the region, it was forced to reappraise its position when Cuban reinforcements arrived in southern Angola a few months ago. The reassessment apparently contributed to South Africa's agreement to a cease-fire earlier in August.

But the South Africans' freedom to move ended four months ago when Cuba, an ally of Angola, began sending 12,000 additional soldiers there to join the 37,000 Cuban soldiers already in the country.

Specialists on the continent's military situation say the prospect of more fighting apparently brought Pretoria's leaders to the point at which they were willing to agree formally to the cease-fire and to withdraw from the disputed territory of South-West Africa, or Namibia, which Pretoria has ruled for more than 70 years, and permit free elections there within seven months.

Although the South Africans strengthened their forces and clashed with the Cubans across the border, in general Pretoria reacted cautiously, apparently feeling that the price of more fierce fighting might be too high.

The South African decision to accept a truce agreement also reflects the nation's war-weariness and public sensitivity to casualties in an army made up primarily of conscripts and reservists, factors that were evident during a three-week trip to South Africa and the border area earlier this summer.

As the South Africans, the Angolans and the Cubans began a three-day round of talks Wednesday in Brazzaville, Congo, Cuban and South African forces continued to face each other on the Angolan-Namibia border, with both sides uncertain that the other really intends to abide by a withdrawal agreement.

For 13 years, South African forces stationed in Namibia had

South Africa's armed forces consider themselves more than a match for the Cubans.

In the words of their commander, General Jannie J. Goldenhuy, the South African military "has no equal on the African continent in terms of operational efficiency and combat readiness."

Until recently, that claim went largely unchallenged.

The army has been a strong one, not just in comparison to its region.

See PRETORIA, Page 2

Greek and Turkish Cypriot Leaders Agree on Unification Talks

Meeting in Geneva on Wednesday, the president of Cyprus, George Vassiliou, left, and the Turkish Cypriot leader, Rauf Denktaş, right, agreed to begin formal peace talks Sept. 15

on unifying the divided island. Between them is the secretary-general of the United Nations, Javier Pérez de Cuéllar. The negotiations will be held in Nicosia. Page 2.

Economics in the Reagan Era — a Matter of Gains and Losses

By Peter Passell
New York Times Service
NEW YORK — Has Reaganomics left Americans better off than they were eight years ago? Vice President George Bush offered a list of superlatives to the Republican convention last week that was only slightly marred by hyperbole.

Not every pocketbook statistic, however, reflects so rosy on the administration's performance. Wages, adjusted for inflation, have slipped since 1980 and now are about 10 percent below the peak of 1972. Thus Mr. Bush's claim that average family incomes has backed away from the vice president's promise to create 30 million new jobs. Page 3.

employment. And, as most economists would have predicted, the benefits of tight labor markets have been greatest for those who traditionally suffer from job discrimination. Employment among blacks grew at an average annual rate of 4.7 percent from 1982 to 1987, compared with growth of 2.7 percent for the total labor force.

Family incomes have also fared relatively well during the Reagan boom. According to the Census Bureau, average household income before taxes in 1986 was \$30,759, about 10 percent more in real terms than in 1980. Households did well in after-tax terms, too.

Inflation is indeed down to 4 percent from 13 percent, and the banks' prime interest rate is less than half of the 21 percent briefly experienced during the credit crunch of 1981.

Mr. Bush slipped into the twilight zone while discussing plans to build on the Reagan administration's success in putting people to work. He would have a tough time finding Americans to fill the 30 million jobs he pledged to create in the next eight years, since total unemployment is now 6.6 million and projected growth will add just 11 million more workers to the labor force by 1996. Yet, there is no denying that unemployment is at its lowest level since 1974.

Nor is there reason to be optimistic that wage stagnation will soon end. Productivity gains, which largely determine wage increases in the long run, have slowed to a crawl in the last two decades and show little sign of revival. And the rapidly accumulating U.S. debt to foreigners is sure to become a drag on domestic purchasing power.

Increases in state income taxes and Social Security payroll taxes were virtually offset by the reduction in federal income taxes. The only catch: Most families have been forced to work harder to realize and enjoy the gain. Between 1980 and 1987, average wages, adjusted for inflation, fell 2 percent.

Six years of steady economic growth have paid a spectacular dividend in em-

ployment. And, as most economists would have predicted, the benefits of tight labor markets have been greatest for those who traditionally suffer from job discrimination. Employment among blacks grew at an average annual rate of 4.7 percent from 1982 to 1987, compared with growth of 2.7 percent for the total labor force.

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Why did wages fall, even as labor mar-

kets tightened? Barry Bluestone of the University of Massachusetts and Bennett Harrison of the Massachusetts Institute of Technology attributed the decline to the rise of the service economy. Once-highly paid manufacturing employees, they said, are ending up as \$5-an-hour restaurant workers.

Not so, said Mr. Bush. Jobs created since the last recession, he says, pay "an average of more than \$22,000 annually, one-third more than the current average wage."

Janet Norwood, commissioner of the Bureau of Labor Statistics, offered the middle ground.

Some good jobs have disappeared in autos, steel and other heavy manufacturing. Mrs. Norwood said, but many in that sector were in the low-wage category. On average, she added, the wage profile in industries with expanding employment is not very different from that in industries that are shrinking.

On the other hand, there is certainly no evidence to support the vice president's contention that the new jobs pay especially well.

The tough question for defenders of Reaganomics is why no gains in productivity have materialized.

Output per hour worked in private business grew 1.4 percent annually between 1979 and 1986. That is a bit better than the record from peak to peak in the previous business cycle, but less than half the average annual productivity gain enjoyed between 1948 and 1965.

Even if the economy manages to return to the healthy rate of productivity growth of the postwar years, the burden of past and current borrowing from foreigners to finance the trade deficit is bound to weigh heavily on future incomes.

By the end of this year, the external debt will exceed \$500 billion. Eliminating the current \$150 billion annual deficit and paying the accumulated debt would cost a full percentage point of annual productivity improvements.

Gulf Cease-Fire Threatens 2 Proxies: Mujahidin and Kurds

By Patrick E. Tyler
Washington Post Service

BAGHDAD — The Mujahidin Khalq, an irregular Iranian opposition force that has fought on the side of Iraq against Iran during the last year, is facing curbs or expulsion by Iraq under the terms by which Baghdad and Tehran say they want to end their war, according to diplomats.

In turn, the diplomats added, Kurds from Iraq who led Iranian drives into Iraq's northern mountain ranges in 1987 and 1988 are being repressed as a United Nations-mandated cease-fire takes hold along the frontier.

Some powers had hoped that there would be "no winner and no loser" in the Iraq-Iran war. It now appears that the biggest losers are the Iranian and Kurdish "proxy" forces that the sides used in the battle, a Western analyst said.

The fate of both the Mujahidin Khalq and the Kurds is uncertain. A spokesman for the Mujahidin Khalq said the rebel force would continue to fight for the overthrow of Ayatollah Ruhollah Khomeini, the Iranian Islamic leader. The rebel force had fielded 10,000 to 15,000 fighters on the frontier.

Although nominally an independent resistance movement, diplomats in Baghdad say the Mujahidin Khalq is controlled by the Iraqi high command.

A spokesman of the anti-Khomeini force, Ali Reza Jafarzadeh, said: "Our goals have not changed. We will continue our struggle, even if there is peace, until we overthrow the Khomeini regime."

If Iran and Iraq sign a peace treaty, he added, the rebels will "use new tactics." Baghdad and Tehran have specified noninterference in internal affairs as an essential element in any peace accord.

Mr. Jafarzadeh said the Mujahidin Khalq had no plans to leave Baghdad. He said it was still possible the peace process could break down, creating a new opportunity for another operation against Iran.

Such an operation, begun on July 25, turned into one of the most spectacular, if brief, offensives of the war when the Iraqi Army broke through Iranian lines. It sent a large armored column of Mujahidin Khalq on a three-day, 145-kilometer (90-mile) drive aimed at seizing Bakhtaran, a provincial capital formerly known as Kermanshah.

The outcome was the deepest penetration of Iranian territory during the eight-year war.

Western officials consider the assault a result of a joint decision by President Saddam Hussein of Iraq and Massoud Rajavi, the Mujahidin Khalq leader, to test support in Iran for a "liberating army."

But after impressive gains, which Western analysts said were made possible by Iraqi armor, air strikes, supply aid and the element of surprise, "the operation totally failed," a diplomat said.

The Mujahidin Khalq encountered strong opposition around the towns of Islamabad and Karand. As one part of the attack force made a final dash up the road from Islamabad to Bakhtaran, Western officials said, it was surrounded and mauled by counterattacking Iranians, who rallied

tens of thousands of militants in the Revolutionary Guards. One Westerner said that up to 2,500 Mujahidin Khalq members were killed in the offensive. The force acknowledges 1,000 dead or missing. Tehran's final report was that 1,734 attackers were killed.

Still, the Iranian rebel force insists that the offensive was a victory, one that shook the leadership in Tehran. A campaign of repression followed, rebel spokesmen said, including secret executions and public hangings of suspected Mujahidin Khalq sympathizers.

"When you consider the impact we had," Mr. Jafarzadeh said, "it was worth it."

Should peace talks in Geneva produce an accord committing the parties to noninterference, the Mujahidin Khalq will not be able to continue even the propaganda war it operates out of Baghdad, Western officials said.

For the Kurds of Iraq, there appears to be little to forestall Iraqi plans "to remake the face of Kurdistan" through large-scale resettlement. Baghdad's intention is to de-

populate mountain regions of more than a million Kurds, a people who have struggled long for autonomy. According to diplomats, the Iraqi Army initiated an offensive on Aug. 6 near the Turkish border to corner Kurdish guerrillas. Travelers returning from the area reported heavy fighting. Turkish authorities estimate that as many as 20,000 Kurds have fled into Turkey in an area of junction with Iran and Iraq.

Powerful car bombs that shook Baghdad and Irbil, a Kurdish city, in August have been laid to Kurds.

Kurds have accused the Iraqis of using chemical weapons, and Western diplomats report evidence of this.

By some accounts, the strategy to break Kurdish resistance has resulted in a razing of Kurdish villages. This summer, Iraqi troops began destroying houses in the town of Dukan.

Diplomats have reported Kurdish residents in tent cities awaiting relocation to housing being built on flat land along main highways, which state security forces could more easily monitor.

WORLD BRIEFS

Arrests Are Made in IRA Bombing

BELFAST (Reuters) — Police investigating an Irish Republican Army bombing that killed eight British soldiers in Northern Ireland arrested seven men Wednesday in dawn raids. The Royal Ulster Constabulary said several men were arrested for questioning about terrorism in County Tyrone, where the soldiers' bus was blown up Saturday near Omagh. British press reports said eight men were arrested.

Two policemen were slightly wounded Wednesday about 50 kilometers (30 miles) from the site of the Omagh bombing when a parked van blew up as their patrol car passed. And in Belfast, army bomb disposal experts exploded two suspected car bombs left outside police stations.

A Brazilian Dies in Channel Swim

LONDON (Reuters) — A Brazilian woman, one of nine swimmers trying to cross from Britain to France, collapsed and died, officials reported Wednesday.

The victim, Renata Agondi, 20, of São Paulo, was eight miles (13 kilometers) off the French coast on Tuesday when she collapsed and was pulled aboard her escort boat. A Royal Air Force helicopter winched her up and the crew tried to revive her, but she died on the way to a Cannes hospital.

A medical officer for the Channel Swimming Association, which had an observer on the vessel escorting Miss Agondi from Dover, said fatigue and hypothermia were possible factors in her death. She was the third person known to have died since 1952 trying to conquer the 21-mile Dover Strait.

State of Emergency Is Lifted in Chile

SANTIAGO (Reuters) — Chile's military government said Wednesday that it was lifting its state of emergency, six weeks before a plebiscite on continued military rule.

Interior Minister Sergio Fernández, who made the announcement, said the government was also ending a state of danger to the island provinces, which gave the government additional powers to restrict civil liberties. "The decision was based on the current situation of the country and the renewed and solid institutional structure that has been established," he said.

Soviet Paper Details 1939 Nazi Pact

MOSCOW (AP) — The Soviet daily Sovetskaya Rossiya published a detailed account Wednesday of a secret accord between Nazi Germany and the Soviet Union that resulted in the 1940 takeover of Estonia, Latvia and Lithuania.

The report appeared a day after hundreds of thousands of people in the three Baltic republics gathered in authorized rallies to protest the 1939 pact signed by the German foreign minister, Joachim von Ribbentrop, and Vyacheslav M. Molotov, the Soviet foreign minister.

A full-page article provided the first opportunity for many Soviet citizens to learn details of the 1939 pact, which led to the invasion of Poland, World War II and the 1940 Soviet takeover of the Baltic republics. Baltic republic newspapers have published details of secret protocols to the 1939 German-Soviet nonaggression treaty, involving agreement on spheres of influence affecting the Baltic republics.

For the Record

Zambia will hold legislative and presidential elections Oct. 26, officials said Tuesday in Lusaka. Although Zambia is a one-party state, several candidates can contest in each parliamentary constituency. A young East German evaded shots fired by border guards and crossed the frontier unharmed Tuesday to Bavaria from Czechoslovakia, the Bavarian police said Wednesday.

TRAVEL UPDATE

Emirates Airline, a Dubai-based carrier, is to start operating flights to Iraq and Iran after the cease-fire in the Gulf, a company official said Wednesday. It plans flights from Dubai to the Iranian cities of Tehran, Shiraz and Bandar Abbas.

Iran Air is set to resume flights to Kuwait in September, taking advantage of the truce. The Kuwait daily As-Sayassah said Kuwait's Civil Aviation Authority and Kuwait Airways were also preparing for a resumption in flights to Iran.

Driving in the U.S.A. — a pamphlet by two British journalists, will try to dispel some of the mystery of motoring the American way for British vacationers. The booklet is filled with surprises about how much Britons do not know about U.S. driving, such as toll roads, the fact that cars with automatic transmissions "creep forward" if the brake is not pressed, and that speeding can mean fines. The authors, Tim Symonds and Lesley Abdela, said 300,000 copies of their booklet had been distributed to travel agencies and airlines.

Iran-Iraq Talks to Start Today in Geneva

Washington Post Service

GENEVA — Negotiators from Iraq and Iran, whose armies have been observing a cease-fire since Saturday, began arriving in Geneva on Wednesday for their first face-to-face talks since the Gulf War began eight years ago.

As they prepared to meet on Thursday with the secretary-general of the United Nations, Javier Pérez de Cuéllar, an official in Baghdad indicated that Iraq would press to extend its sovereignty over all of the long-disputed Shatt-al-Arab waterway, the strategic deep-water channel that divides the southern oil fields of the two Gulf nations.

"The trend is in that direction," said the official, interviewed in Baghdad before the Iraqi delegation's departure.

Such a negotiating gambit represents a serious increase in Iraqi demands. The Iraqi Army holds an overwhelming military advantage behind the newly imposed truce lines; Iran would likely react strongly to such a demand.

Iraqis point out that Iraq controlled the waterway for most of this century and relinquished half of it to Iran only under strong military pressure from Shah Mohammed Reza Pahlavi in the mid-1970s. Under agreements in 1847, 1913 and 1937, Iraq controlled the waterway, the official said.

Late Wednesday, Iraq's foreign minister, Tariq Aziz, led his delegation into Geneva. In an arrival statement, he alluded to Iraq's persistent concern that Iran might have agreed to a cease-fire and

peace talks only to buy time to improve its military position.

"The future of these negotiations will depend only on the good intentions of the other side," Mr. Aziz said. He said Iraq expected "to reach a common understanding" of peace and how to put an agreement into effect, but he expressed concern about Iran's "concept of acceptance."

"Is it a turning point in accepting a peaceful relationship with Iraq as neighbors in the region," he asked, "or is it a tactical act?"

Greek and Turkish Cypriot Leaders Agree on Negotiations in September

Reuters

GENEVA — Formal peace talks on unifying the divided island of Cyprus will open in Nicosia on Sept. 15, Javier Pérez de Cuéllar, the United Nations secretary-general, announced Wednesday.

Mr. Pérez de Cuéllar, speaking to a news conference after a lunch between President George Vassiliou of Cyprus and the Turkish Cypriot leader, Rauf Denktaş, said the two men had agreed to meet without conditions.

It was the first meeting between a Cypriot president and a Turkish Cypriot leader since January 1985, when talks between Mr. Denktaş and Mr. Vassiliou's predecessor, Spyros Kyprianou, collapsed.

Mr. Vassiliou and Mr. Denktaş said they were determined to produce a negotiated settlement by June 1, 1989, to end a division of Cyprus that began when Turkish troops invaded the northern third of the island in 1974 in response to a coup by Greek-backed officers.

After Mr. Pérez de Cuéllar read a brief statement announcing the talks, the two leaders smiled and shook hands, and the secretary-general placed his hands on top of theirs.

Mr. Vassiliou and Mr. Denktaş, leader of the Turkish Republic of Northern Cyprus, will meet at the Ledra Palace Hotel in Nicosia, on the green line separating the Greek and Turkish sectors.

The peace talks will be led by Oscar Camillon, the special representative of the secretary-general in Cyprus.

Mr. Pérez de Cuéllar said the two men had reaffirmed their commitment to key documents signed in 1977 and 1979. The two documents, intended to help reestablish a unified federal republic, will serve

as a basis for the new round of peace negotiations.

Mr. Vassiliou and Mr. Denktaş said they recognized that the success of the talks depended on their "personal and continuous involvement" and agreed to meet frequently.

Cyprus has been divided since the invasion by Turkey. The Turkish northern state, recognized only by Ankara, declared its independence in 1983.

Both the Greek-Cypriot and the Turkish-Cypriot sides have called for a unified federal republic, but they acknowledge that deep mistrust and major stumbling blocks must be overcome before the island can be reunited.

They disagree over a timetable for the withdrawal of the 29,000 Turkish troops stationed in the Turkish-Cypriot sector as well as over provisions for the "three freedoms": freedom of movement, of property ownership and of settlement.

Iran's foreign minister, Ali Akbar Velayati, was to arrive just after midnight. A large part of his delegation arrived earlier.

Iran Urges Sanctions — The Tehran radio urged the Security Council on Wednesday to impose sanctions on Iraq after a UN report said Baghdad had used chemical weapons against Iranian civilians, Reuters reported from Nicosia.

A team of UN experts said Tuesday that their examination of patients and bomb splinters in the northwest Iranian town of Oshnaviyeh showed that Iraq dropped bombs containing mustard gas on the town on Aug. 2.

The town, monitored in Nicosia, said the council should now impose "concrete punishment, especially an embargo on export of such weapons to Iraq."

Iran said 2,680 civilians were wounded by chemical agents in the raid on Oshnaviyeh. The town was attacked a day after another report by UN experts had documented Iraqi chemical attacks in southern Iran in June.



SUDAN FLOODING CONTINUES — Burdened by a child and a bucket of non-contaminated drinking water, a Khartoum woman returning from the distribution point to which fire trucks are bringing water to the flood-stricken community.

Hungarian Miners End Brief Strike Over Tax

Compiled by Our Staff From Dispatches

VIENNA — Hungarian coal miners said on Wednesday they had ended a strike in protest of pay reductions caused by a new income tax after the government agreed to meet their demands, the Budapest radio said.

The radio quoted a spokesman for several hundred miners from the Pecs coal-producing region in southern Hungary as saying the strike was over. They had stopped work on Tuesday night.

The move followed talks in Budapest between miners' representatives, managers and the industry minister, Frigyes Borocz.

"Striking Pecs miners and representatives of the government have agreed about the resumption of work," the radio said.

The strikes were the first to be officially reported in Hungary since the abortive 1956 anti-Communist uprising.

The end came as some striking Polish miners resumed work amid signs that the authorities were gaining control of Poland's most serious labor unrest since 1981.

Earlier the Hungarian government had announced it was prepared to meet most of the miners' demands, but considered some of them outside its competence.

The miners had complained that since the introduction of income tax on Jan. 1, their pay packets including bonuses had been reduced by up to 10 per cent.

Reports of strikes in Hungary have been rare since the anti-Soviet uprising in 1956. But scattered labor unrest was reported in Hungary in 1969, in 1977 and in 1980-81.

Wednesday's relatively swift reporting of the miners' stoppage appeared to reflect the growing openness of Hungarian media.

The state news agency MTI said the stoppage began when 150 miners in the Mecsek colliery halted work at Komlo, 10 miles (16 kilometers) north of the town of Pecs, close to the Yugoslav border.

The state radio said that 150 more workers on the day shift refused to go down to the pithead and the stoppage then spread.

MTI and Budapest radio said a major grievance was computation of personal income tax introduced Jan. 1 as part of Mr. Grosz's efforts to curb Hungary's \$18 billion gross foreign debt and to stimulate the economy.

STRIKE: Old Fervor Is Absent — (Continued from Page 1) responded by drawing up lists of people prepared to go on working. This provoked several dozen Solidarity supporters to march from one department of the shipyard to another, arguing with workers who had signed the list.

"Solidarity existed before, but it only led to martial law," one worker said. "We're willing to struggle, but for things that are important to us here, not just to support miners who have gone on strike in Silesia. They earn twice as much as we do."

Swede Reports Emigré Saw Wallenberg in '86

By Steve Lohr
New York Times Service

LONDON — A Swedish businessman and novelist presented the Swedish government with new evidence Wednesday that he said showed that Raoul Wallenberg, the Swedish diplomat presumed to have disappeared in Soviet prisons after saving thousands of Jews from the Nazis in the closing days of World War II, was alive as recently as 1986 and might well be alive today.

Kenne Fant, a novelist and former president of Sweden's largest film studio, Svensk Film Industri, said he had been conducting research into the Wallenberg case for six years, interviewing 63 Russian émigrés, mostly dissidents in Britain, France and the United States.

Mr. Fant said that according to a reliable informant now in the West, "an old Scandinavian diplomat" who had helped save Jews in Budapest at the end of the war was treated for frostbite at the hospital of a large Soviet prison camp in Blagoveshchensk, near the Chinese border, on Dec. 22, 1986.

Because the official Soviet position is that Mr. Wallenberg died of a heart attack in prison in 1947 at the age of 35, Mr. Fant said, the person in the hospital in 1986 would have been given another name, but he could "hardly be anybody else but Raoul Wallenberg."

Mr. Fant said he could not disclose the name of the informant, because the person had relatives living in the Soviet Union. But he said he had given the Swedish Foreign Ministry the names of all the émigrés he had interviewed.

"I've become convinced that Wallenberg was alive as recently as December 1986," Mr. Fant said in a telephone interview from Stockholm. "And I think it's probable that he is alive."

There have been several previous reported sightings of Mr. Wallenberg dating up to the late 1970s. Wolfrast Tham, the Foreign Ministry official in charge of research into the Wallenberg case, said it was premature to assess the significance of Mr. Fant's information, since his documents had been presented to the Swedish government only Wednesday morning.

"But we're certainly going to look into it," Mr. Tham said. "The file on Raoul Wallenberg remains open."

A member of a prominent Swedish family of bankers and industrialists, Mr. Wallenberg would have been 76 years old Wednesday.

Sweden sent him to Budapest in mid-1944 at the request of the United States War Refugee Board and World Jewish Congress to try to save Hungarian Jews from deportation to Nazi death camps. Through a combination of Swedish ingenuity and heroism, he issued Swedish working papers to about 20,000 Jews and indirectly helped perhaps 100,000 others escape, protecting many of them in houses hung with the national flag of Sweden, a neutral nation in the war.

POLAND: Warsaw Gains Edge

(Continued from Page 1)

carriers, were moving toward Gdansk from nearby Elblag. The Solidarity chief, Lech Walesa, continued to lead a weak but symbolically important strike there in the Lenin shipyard in Gdansk, birthplace of Solidarity union eight years ago this month.

Government officials confirmed that a strike in the port had spread to shut down divisions that had been operating since the stoppage began on Monday.

Although state television reported that work continued at some docks, the new development appeared to leave two of Poland's three major ports incapacitated.

In addition, new stoppages began in the rolling department of the Lenin mill in the Krakow suburb of Nowa Huta, Poland's largest industrial enterprise and the site of a nine-day strike last May. A previous strike attempt failed there Tuesday, and it was unclear late Wednesday whether the new protest would take hold.

In a press statement, the Communist Party's ruling Politburo expressed deep concern over the "mounting losses" from the strikes and, in a conciliatory step, acknowledged that a program for economic change pursued this year had failed.

The Politburo said the leadership felt "profound concern over the persisting shortages of various consumer goods, the threat to the standard of living of some social groups, glaring income disparities."

It noted shortcomings in price and income policy and added that efforts to form a patriotic coalition for change with church and opposition groups would continue.

Herald Tribune

A Shift in Policy For Seoul

Democratic Movement as Meeting Ends

With Cleavage, a Tense of Western-Style Drama Reaches TV



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Dukakis P 'New Econ'

By Andrew Rosenthal
Washington Post Service

WASHINGTON — Governor Michael S. Dukakis delivered a message of a "new economic patriotism" to the nation's workers on Wednesday and took the Reagan administration to task for raising interest rates and failing family incomes.

Seeking to seize the traditionally critical economic issue from the Republicans, who have based their campaign on the nation's prosperity under President Ronald Reagan, Mr. Dukakis presented a starkly different picture of the state of the economy and said it was the Democrats who should be blamed for trying to rebuild the United States.

"Today we have more people working than at any time in our history," Mr. Dukakis said, repeating

Bush Economic Qualifies Job

By Louis Uchitelle
New York Times Service

NEW YORK — The campaign of Vice President George Bush has backed away from Mr. Bush's "economic patriotism" that he promised to create 40 million new jobs in eight years.

Mr. Bush said Tuesday that when Mr. Bush said the figure on his acceptance speech for the Republican presidential nomination last week, he intended to express a general goal rather than a specific promise.

"Thirty million represents 'an aspiration or a goal, even if the literal goal is not achieved,'" Mr. Uchitelle said.

"A goal is something you try to achieve and even if you don't," he said, "you are at least moving in the right direction."

Mr. Bush said in his speech last Thursday at the Republican National Convention in New Orleans that he wanted to continue the job growth of the Reagan years. About 17 million new jobs have been created since the end of the last recession in 1982.

"My mission," he said, "is to create 30 million new jobs in the next eight years."

The declaration came as a surprise to Martin Feldstein of Harvard University and Michael J. Boskin of Stanford University, the candidates' two most prominent outside economic advisers.

Mr. Feldstein said Tuesday that they endorsed Mr. Bush's general goal of providing jobs for everyone who wants to work.

Mr. Feldstein is reported to have objected to the use of so specific, and so large a number as 30 million.

"There is no point in talking about specific numbers because you don't know how many people are going to want work," said Mr. Feldstein, who is a former chairman of President Ronald Reagan's Council of Economic Advisers.

Mr. Boskin said, "Thirty million is certainly an optimistic end of the spectrum."

Some economists argue that the figure is wildly unrealistic because there would not be enough people in the labor force to fill 30 million jobs, unless the country is opened to large immigration.

"I don't think you should do

THE HU

In California, Reagan

LOS ANGELES (Combined Dispatches) California Republicans began their presidential nomination, said prepared to lead America into the next century.

Mr. Reagan made the remarks with men met privately in the president's state party leaders, and Mr. Reagan have seen his leadership and vision, "some of the most sensitive and difficult me or the country down."

Mr. Reagan scoured the Democratic "three-headed ticket" that at reference to the party's candidates, running mate Senator Lloyd Bentsen a rival of Mr. Dukakis's in the primary.

Bush, Heckled, De

PORTLAND, Oregon (WP) — Vice President George Bush was heckled before a large and unruly crowd, before "bad news" for the Democrats.

Contending that "peace is business" is strong, the Republican presidential candidate said that he was "not a peace hawk" and that he was "not a peace hawk."

And things aren't going to get worse. Mr. Bush's speech by waving "peace" and "No more lies."

Later, in a speech in Sacramento requiring the Pledge of Allegiance to that had been criticized by his Democratic opponent — "I do believe fervently in allegiance to the flag of the United States and to the Union which it represents."

Mr. Dukakis said in saying the p

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Dukakis Promises Workers 'New Economic Patriotism'

By Andrew Rosenthal
New York Times Service

WASHINGTON — Governor Michael S. Dukakis delivered a message of "a new economic patriotism" to the nation's workers on Wednesday and took the Reagan administration to task for rising interest rates and falling family incomes.

Seeking to seize the traditionally critical economic issue from the Republicans, who have based their campaign on the nation's prosperity under President Ronald Reagan, Mr. Dukakis presented a starkly different picture of the state of the economy and said it was the Democrats, not the Republicans, who want to rebuild the United States.

"Today, we have more people working than at any time in our history," Mr. Dukakis said, repeat-

ing a line often used by Vice President George Bush, his Republican opponent.

But, Mr. Dukakis added, "Average family income in real terms is right where it was 20 years ago, even though in most families these days, husbands and wives are both working."

From 1979 to 1985, he said, Americans lost jobs that averaged \$440 a week and replaced them with jobs "paying an average of one-third less."

Noting that the prime lending rate, the interest rate banks charge their best customers, had increased to 10 percent two weeks ago, Mr. Dukakis denounced the rise as "a new Republican tax on the middle class."

"That's the price our workers and their families are paying for

voodoo economics," the governor said, using the phrase that Mr. Bush used against Mr. Reagan's promise to cut taxes, increase military spending and balance the budget in the 1980 Republican primary campaign.

"And that's why we're going to have a Democratic president and vice president in 1989," he said.

Mr. Dukakis spoke at a meeting of the General Board of the American Federation of Labor and Congress of Industrial Organizations, which delivered its endorsement to the Democratic nominee.

He delivered the same basic message of labor-management partnership and the need to restrain America's work force that he has been giving recently while campaigning at home, in the South and in the Middle West.

But his criticism Wednesday of the Republicans, and of Mr. Bush in particular, was more pointed. Mr. Dukakis drew a round of laughter and much applause at the labor federation meeting in Washington for an oblique reference to the problems of Senator Dan Quayle of Indiana, the Republican vice presidential nominee.

Without naming Mr. Quayle, Mr. Dukakis said of his own vice presidential choice, Senator Lloyd Bentsen of Texas, "Isn't it great to have a running mate who has been a leader in the United States Senate?"

Mr. Dukakis called for a national universal health care plan, scholarships for students who commit themselves to a teaching career, a welfare bill that would give job training to those on public assistance, a higher minimum wage and more investment in university-based research. But he did not describe any of those plans in detail.

Bush Economic Adviser Qualifies Job Promises

By Louis Uchitelle
New York Times Service

NEW YORK — The campaign of Vice President George Bush has backed away from Mr. Bush's declaration that one of his "missions" as president will be to create 30 million new jobs in eight years.

Robert Zoellick, senior economic adviser on the Bush campaign staff, said Tuesday that when Mr. Bush used the figure in his acceptance speech for the Republican presidential nomination last week, he intended to express a general goal rather than a specific promise.

Thirty million represents "an aspiration or a goal, even if the literal goal is not achieved," Mr. Zoellick said.

"A goal is something you try to achieve and even if you don't," he said, "you are at least moving in the right direction."

Mr. Bush said in his speech last Thursday at the Republican National Convention in New Orleans that he wanted to continue the job growth of the Reagan years. About 17 million new jobs have been created since the end of the last recession, in 1982.

"My mission," he said, "is 30 in eight — 30 million new jobs in the next eight years."

The declaration came as a surprise to Martin Feldstein of Harvard University and Michael J. Boskin of Stanford University, the candidate's two most prominent outside economic advisers.

Both men said Tuesday that they endorsed Mr. Bush's general goal of providing jobs for everyone who wants to work.

But Mr. Feldstein is reported to have objected to the use of "so specific, and so large, a number as 30 million."

"There is no point in talking about specific numbers because you don't know how many people are going to want work," said Mr. Feldstein, who is a former chairman of President Ronald Reagan's Council of Economic Advisers.

Mr. Boskin said, "Thirty million is certainly at the optimistic end of the spectrum."

Many economists argue that the figure is wildly unrealistic because there would not be enough people in the labor force to fill 30 million jobs, unless the country is opened to large immigration.

"I don't think you should do

anything more than smile at the number," said Lyle Gramley, chief economist at the Mortgage Bankers Association.

Whether Mr. Bush will use the 30 million figure again has not yet been decided, said Mr. Zoellick, who joined the Bush camp in July after James A. Baker 3d resigned as secretary of the treasury to become campaign director.

Mr. Zoellick, who had worked with Mr. Baker at the Treasury Department, said that by mentioning 30 million jobs in his speech, Mr. Bush had drawn attention to the importance that the candidate places on job creation.

Aside from pledging 30 million new jobs as his "mission," Mr. Bush said in his speech that the goal would be achieved by 1996, at the end of two four-year terms, if the economy continued to grow at the pace it has grown since 1982.

According to Mr. Zoellick, the number represents a continuation of the rate at which jobs have been created since November 1982, when the recession ended.

The 30 million number is based on what the Bush campaign describes as a projection of the 17 million new jobs that were created by the private sector in the 69 months from November 1982 to July of this year, when the nation had 115 million jobholders.

The increase of 17 million breaks down to about 246,000 new jobs each month.

If this job creation rate were extended over the next eight years, however, only about 23 million new jobs would be created, said Martin Ziegler, an economist at the federal Bureau of Labor Statistics.

Aside from whether the projection is accurate, the figure has drawn sharp criticism from labor economists.

They noted that nearly 66 percent of all Americans from 16 to 64 years old now hold jobs — a record high — and that there would not be enough new people entering the labor force in the next decade to fill 30 million new jobs.

The Bureau of Labor Statistics, for example, projects that the labor force — composed of both jobholders and the unemployed seeking jobs — will grow by only 11 million people from the time the next president takes office in January through 1996.

■ **Bentsen Criticizes Quayle**

Senator Bentsen, the Democratic vice presidential nominee, criticized his Republican opponent Wednesday as young and inexperienced, saying, "I don't think America can risk having him a heartbeat away from the presidency." The Associated Press reported from Lexington, Kentucky.

Mr. Bentsen, who had previously avoided criticizing Mr. Quayle, was addressing the Southern Legislative Conference, a bipartisan lawmakers' group.

He said he had been surprised when Mr. Quayle suddenly announced his support for making the Veterans Administration a cabinet-level agency.

Mr. Quayle had been one of only 11 senators to oppose the bill, but before the Veterans of Foreign Wars on Monday night he "made a deathbed conversion," Mr. Bentsen said.

Mr. Quayle told the veterans that his vote against the bill had been a "youthful indiscretion."

"A youthful indiscretion?" Mr. Bentsen asked rhetorically. "My friends, that vote occurred only five weeks ago."

"I don't think America can risk youthful indiscretion in someone who could become our president at any moment," Mr. Bentsen, 67, said of his 41-year-old opponent.

The senator's staff said he would steer clear of personal attacks and the controversies surrounding Mr. Quayle's military record and concentrate on his opponent's voting record.

Campaigning in Cincinnati, Mr. Quayle ignored questions about his Vietnam-era service in the Indiana National Guard and instead urged creation of "real jobs" for needy Americans.



Before he prepared to start his first campaign foray alone on Wednesday, Senator Dan Quayle of Indiana took time out for a jog. In Cincinnati, he stressed support for a Republican job training bill.

U.S. Is Moving Families In Panama for Safety

By Elaine Sciolino
New York Times Service

WASHINGTON — The United States is moving servicemen and their families to safer locations in Panama because of what it sees as an increase in harassment and violence against American personnel.

The moves come at a time of tension between the United States and General Manuel Antonio Noriega, the Panamanian leader. Panama has denied that it is harassing U.S. personnel.

Since April, 1,316 of 2,450 U.S. servicemen living off base in Panama City have moved alone or with their families to housing on U.S. military installations, Defense Department officials said Tuesday. In some cases, the families have returned to the United States.

Other servicemen will be moved to American military installations as soon as already scarce housing on the bases becomes available, Pentagon officials said.

"There is concern over the potential of new activity against Americans or even hostage taking," an administration official said. "That vulnerability is being reduced dramatically."

The harassment against U.S. military personnel and their dependents has included beating, abduction, rape and extortion, as well as a refusal to honor the visas of U.S. officials trying to enter Panama, U.S. officials said.

In the last six months, officials at the U.S. Southern Command in Panama say, they have documented 240 violations.

After the military retrenchment, the U.S. Embassy in Panama is considering a recommendation to withdraw nonessential government employees and their families from the embassy, administration officials said.

Officials acknowledge that although the retrenchment is designed primarily to protect U.S. personnel, it coincides with a growing belief that General Noriega, who was indicted in February by two federal grand juries on charges of involvement in drug trafficking, is likely to remain in power longer than President Ronald Reagan.

Military intervention is no longer discussed by American policy makers as an option. The administration has also stopped discussing an earlier proposal to lift the indictments against General Noriega.

Officials insist that punitive economic measures taken by Washington, including a refusal by the United States to recognize or make payments to the government of the acting president, Manuel Solis Palma, will not be lifted.

"There will be no major new initiative from the United States to bring things to a head," said a senior administration official, who described the policy as in a state of "paralysis."

A Ransom Is Paid in U.S.

United Press International
JACKSON, Mississippi — A local millionaire, Robert Hearin, has carried out the demands of a ransom note by paying \$1 million to 12 former business associates, but his aging wife has not been released by her kidnapers, the FBI said.

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U.S. Black Churches Battle Family Crisis

By Tamar Lewin
New York Times Service

NEW YORK — Dismayed by the disintegration of inner-city families, many black churches have started community programs to reduce teen-age pregnancy, keep children in school, provide adolescent boys with role models and find adoptive homes for black infants.

In the process, they have been forced to overcome a traditional reluctance to grapple with sexuality, contraception and drugs.

"There is a crisis in the black family, and everybody has heard the cry," said Vanella Crawford, project director at the Congress of National Black Churches. "The black churches have realized that they have to go beyond feeding and clothing people and start getting at the problems that are destroying the black community."

Those who work with black churches say that it can still be a delicate matter to persuade churches to overcome their reluctance to confront sex and drugs.

"The church's message is still abstinence, so you're not going to see the pastor giving out condoms," said Clarence Wood, the National Urban League's vice president for external affairs.

"But the black church has become very sophisticated about making its facilities available to programs that can respond to the needs of the community. The theological conflict is still there, but the needs are being met."

The Lincoln Congregational Temple in Washington, for exam-

ple, recently sponsored a baby shower for a 22-year-old single father who had stopped the baby's mother from putting the girl up for adoption.

"They gave me a high chair, a bath set, a sweater set, a washing machine and some money," said the young man, Clarence Cherry, who is a Muslim. "I felt overwhelmed that these people are so concerned about us, and care so much, even though I'm outside their denomination."

Lincoln is not the only black church trying to shore up the beleaguered families of the nation's impoverished inner-city neighborhoods.

Fifteen churches in Atlanta, Indianapolis and Oakland, California, run after-school programs for 6- to 12-year-old children under Project Spirit, which was started two years ago by the Congress of National Black Churches.

The children, most of whom do not have a parent waiting at home, are picked up at school and brought to the church. After a snack and a pause for prayer and songs, they spend an hour on their homework, then 45 minutes on activities ranging from black history lessons to role-playing games to help them work out conflicts.

Many other models are being tried throughout the nation.

In Chicago, at the Holy Angels Roman Catholic Church, the Reverend George Clements was frustrated by his inability to get people in his parish to adopt homeless black children.

So, after adopting a teen-age boy himself, to the dismay of the archdiocese, Mr. Clements set up "One Church, One Child," a program to encourage churches to motivate their members to become adoptive parents. Since then, 81 families at Holy Angels have adopted children, and the group has been responsible for 8,000 adoptions in 31 states.

In New Orleans, 20 adolescent boys at the Greater Liberty Baptist Church joined members of the church brotherhood for a Black Manhood Training program. The program includes discussions on spirituality, sexuality, health, the importance of education and the special problems of black men.

One exercise involves confronting the perception that black men are not responsible fathers. The program, designed by Dr. Courtland Lee of the University of Virginia, culminates in a public ceremony, modeled on the Jewish bar

"It's the basketball team and the trips that get the boys here," he said, "but what we care about is that they come to study half every day after school so we can help them with their homework."

"We have workshops on drugs, sexuality, career development and black history, done in a fun way. Our measure of success is that even though this is a voluntary program, and no one has to be here, the boys keep coming."

Abdoah Billingslea, a 14-year-old participant who lives with his grandmother and his aunt, has another measure:

"I like it here because there's some things you get from a man that you can't get from a woman. And my grandmother's not so worried over, because she knows where I am every day — and I'm not on the streets."

THE HUSTINGS

In California, Reagan Praises Bush

LOS ANGELES (Combined Dispatches) — President Ronald Reagan, rallying California Republicans behind Vice President George Bush, the party's presidential nominee, said Wednesday that "no one is better prepared to lead America into the next decade and to the threshold of the next century."

Mr. Reagan made the remarks with Mr. Bush by his side after the two men met privately in the president's hotel suite. They had met earlier with state party leaders, and Mr. Reagan had heaped praise on Mr. Bush. "I have seen his leadership and vision," Mr. Reagan said. "I have given him some of the most sensitive and difficult tasks we've had, and he has never let me or the country down."

Mr. Reagan scorned the Democrats in his speech, saying they had fielded "a three-headed ticket that doesn't know left from center" — a reference to the party's candidates, Governor Michael S. Dukakis, his running mate, Senator Lloyd Bentsen, and the Reverend Jesse L. Jackson, a rival of Mr. Dukakis's in the primaries. (AP, UP)

Bush, Heckled, Defends Status Quo

PORTLAND, Oregon (WP) — Vice President George Bush, speaking before a large and unruly crowd, has asserted that peace and prosperity are "bad news" for the Democratic ticket.

Contending that "peace is breaking out all over" and that the economy is strong, the Republican presidential candidate told a crowd of thousands that packed Pioneer Courthouse Square on Tuesday. "That's bad news for my opponents. They can't get elected unless things get worse. And things aren't going to get worse unless they get elected."

For the first time since his nomination last week, protesters interrupted Mr. Bush's speech by waving placards and chanting "Where was George?" and "No more lies."

Later, in a speech in Sacramento, Mr. Bush defended his stance on requiring the Pledge of Allegiance to the flag in schoolrooms, a position that had been criticized by his Democratic opponent, Governor Michael S. Dukakis. "I do believe fervently — and here's a big difference with my opponent — that teachers should open the day with the Pledge of Allegiance to the flag of the United States," he said. He then called on his audience to join him in saying the pledge.

Dogs Gain the Upper Paw At a Park in Los Angeles

NEW YORK Times Service
LOS ANGELES — Lord knows, it is hard to govern Los Angeles. Special-interest groups pull every which way: developers, environmentalists, blacks, homosexuals, Armenians, Koreans. And now, dogs.

Why not a park where urban dogs can revert to the wild and romp unfettered by human regulations?

After years of wrangling, a park for leashless dogs has opened in the affluent hills above Hollywood, a cease-fire declared between residents and dog lovers who had been using Laurel Canyon Park illegally.

Little wonder that the City Council voted, 11 to 0, for the dogs. With 200,000 licensed dogs in the city, that is no small clout. Assuming the average canine Angeleno has a family of 2.1 human adults, that makes more than 400,000 votes.

And so, having exercised their political muscle, dogs from all over Los Angeles were out exercising their leg muscles. Saturday marked the start of a six-month experiment in which dogs may run unleashed before 9 A.M. and after 4 P.M. daily. The program may be expanded to four other parks if successful.

Off to one side of the park is a small, fenced playground for children.

Only two other major cities on the West Coast, San Diego and Berkeley, permit dogs such license.

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Herald INTERNATIONAL Tribune

Prague in a Time Warp

Those who seek meaning and justice in history have to reckon with Czechoslovakia. Its 14 million people awoke 20 years ago Sunday to discover their country swarming with a half-million Warsaw Pact troops under orders to suppress a phantom counterrevolution.

Enough About the Guard

The controversy grows over Senator Dan Quayle's decision to enlist in the national guard in 1969, thereby reducing the threat of his exposure to combat in Vietnam.

The Deficit Does Matter

At this point in the presidential campaign, Americans are entitled to ask whether the budget deficit and the rapid rise in federal debt really make any difference.

Other Comment

Poland Smolders On
The main imperative on the Polish government is to avoid the use of force in breaking the strikes. The strikers do not in themselves threaten the course of Polish or Soviet reform.

Gorbachev's Balancing Act in Eastern Europe

By Alex Pravda

LONDON — It has been 20 years since Moscow put a brutal end to the Prague Spring. The years of "normalization" that followed have produced an abnormal Czechoslovakia — corrupt, spiritually impoverished, economically stagnant.

Quayle Failed the Test of Honor

By William Pfaff

PARIS — Heroes are born, not made. Most people do what they can to stay out of combat in war. That is normal enough — to stay out of the army itself, or find a clerical or supply job in it.

Vietnam: The War Goes On, the Victims Still Suffer

By Edward Schumacher

NEW YORK — This morning, my daughter had an attack of hysteria. She lay in a trance in bed for more than an hour, gasping for breath in minor spasms, caught in a nightmare she couldn't escape.

Queuing Up for Kenya's Stage Manager

By Blaine Harden

NAIROBI — In the primary election for parliament, about two-thirds of Kenya's registered voters chose not to vote. Many people said they stayed home rather than risk being seen supporting a candidate who was not in favor with President Daniel ar Moi.

OPINION

A Movement Away From Fist and Gun

By Flora Lewis

PARIS — There is still enough bad news to fill the headlines. Earthquakes, tribal massacres, terrorism and such. But something is happening to the world, a movement away from the fist and the gun.



Drawing by Art, Universal Press Syndicate

100, 75 AND 50 YEARS AGO

1888: Unfree Trade
NEW YORK — A Herald representative called on Mr. Chauncey M. Depew, recently returned from Hong Kong, with a view to hearing the other side of the [free trade] debate.

Hard Time Isn't Hard

By A. J. ...

Nothing Swift About ...

Bill Gives

By Barnaby J. Feder ...

Japan and Oil

Compiled by Our Staff From Dispatches ...

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OPINION

Hard Time in Marion Prison Isn't Hard Time in the Gulag

By A. M. Rosenthal

MARION, Illinois—Hard men are serving hard time, 10 miles down the road. It is 20 minutes by taxi from this pleasant town, past pastures and orchards, to the 400 acres where the most severe prison in the federal system encloses some of the most violent and dangerous convicts in the United States.

Still, it seemed worthwhile to go, simply to keep up attention on those Soviet citizens still in Soviet political prisons. Marion is unique in the federal penitentiary system. It is not only the smallest, but the most severely secure prison, the place that houses prisoners too hard to handle from the 46 other prisons. Men are not sent here for crimes committed on the outside, but for crimes committed in other prisons: escapes, assaults or murders of other prisoners or guards.

ON MY MIND

psychologists, professional top prison management and constant examination by human rights groups, courts, journalists and experts visiting from abroad.

Marion prison was also the subject of a letter to The New York Times from Ivan Rakhmanin of the Office of Procurator of the Soviet Union.

It is Mr. Rakhmanin's third letter reacting to my columns on Soviet political prisoners. The decision to respond is taken by human rights monitors as an important sign of the Gorbachev era and part of the Soviet process of releasing more political prisoners.

Mr. Rakhmanin describes reports that denounce conditions in Marion. He mentions a prisoner he hears is imprisoned for political reasons, not the large-scale drug-smuggling for which he was convicted.

So I went to Marion. I did not think a one-day visit was a real inquiry. And I knew there was no ethical comparison between a U.S. prison housing men convicted of murder, rape, kidnapping and other assaults and a Soviet prison housing men convicted of uttering thoughts unwelcome to the government.

Nothing Swift About It

ON the average in America, eight years pass between commission of a capital crime and the execution of a person convicted for it. Many convicted people remain on death row more than eight years before execution or some other resolution. Every authority on crime holds that swift and certain punishment is the only real deterrent. But nothing in the criminal justice system is less swift or certain than an execution—which is one good reason the death penalty is not and can't be the deterrent many people think it is.

The average sentence of a prisoner in the federal system is about eight years; for prisoners sent to Marion it is about 40. The mission assigned by Washington is not to rehabilitate but to secure and control the prisoners. There are no assaults, no escapes, no riots.

For the first 18 months or so, prisoners are confined to their cells 22 1/2 hours a day. Meals are eaten in the cells. If inmates have to be moved anywhere they walk guarded and handcuffed through empty corridors.

Then they can move up to more time out of cells and meals eaten in the corridors outside. After about two more years of good behavior they can become one of the 50 tested under ordinary jail conditions: paid work, communal dining, recreation. The reward of passing the test is the only way out of Marion—transfer to another prison. About 100 men a year make it. Nobody goes from Marion back to the streets, and only about 10 percent of those moved to another prison ever taste freedom again.

Or they can move down—to H block. Almost no time out of cells, loss of privileges, leg irons as well as handcuffs on the way to the showers.

Only the prison staff can decide when a man gets out of H block, and sentences there can be extended, month after month, for years.

The prisoner mentioned by Mr. Rakhmanin, a lifer named Harold Renthall, no relation, made it out of Marion before I arrived—to another prison. I can only report that my suggestion that he might have been convicted for political reasons, not smuggling, gave a couple of prisoners who knew him well the only good laugh they had had in a long time.

On July 27, a U.S. Court of Appeals said that longstanding charges of beatings and other brutalities in Marion had not been proved. It said that life under Marion's conditions was sordid and horrible. But it ruled that in view of the purpose of Marion and the nature of its inmates, those conditions did not violate the constitution of the United States.



'No Boom-Boom-Boom!! No Rat-a-Tat-Tat!! No AAAARRGGHH!! How's a person supposed to get any sleep around here?'

LETTERS TO THE EDITOR

Guilt Over Hiroshima

Regarding "Japan's Second Coming Since Admission, and Leathig in Asia" (Opinion, Aug. 9) by F. Sionl Jose:

Mr. Jose's comment puts the Hiroshima bombing in proper perspective. The Japanese have tried to create a feeling of guilt among Americans; I would recommend that all Americans read what he has to say to rid themselves of this feeling once and for all. Further, I think it is safe to say that oowhere in history has a conquering power treated those conquered like the Americans treated the Japanese after the war.

My wife and her family, like so many others interested by the Japanese, are still alive today as a result of this bombing. Many Japanese lives were saved as well.

ALBERT C. VAN DAALLEN, Geneva.

French peasants in the Vendée who fought against the French Revolution.

In our age, counterrevolution is directed mainly against communism. Admiral Miklos Horthy, who reigned in Hungary from 1919 to 1944, was proud that he and his regime were counterrevolutionary. For him this world was the highest praise. The Nicaraguan contras name is the abbreviation of "counterrevolutionaries" and they use it proudly.

The late Imre Nagy — for decades, a faithful Stalinist — became an opposition leader inside the Hungarian Communist Party and prime minister on the day of the uprising. In those tragic days he gave one concession after another to the counterrevolutionaries, and so he became one also. The West is praising him and the 1956 uprising for being anti-communist, for being counterrevolutionary — why deny, then, that it was?

G. P. PETO, Budapest.

The vice president's wise son, who served in the guard, now dutifully admonishes us as follows: "The important thing I want you all to remember is that we didn't go to Canada." Of course "they" didn't. It would have meant disrupting their careers and leaving their families. Thoreau warned us long ago about "sunshine patriots."

R. V. D'AMATO, Avignon, France.

The selection of Dan Quayle reveals the primitive level of George Bush's views about women. For him to imagine that the gender gap will be solved by getting women to vote for a pretty face — despite the senator's retrograde policy positions on health and labor issues affecting them — is insulting and naive.

MARION HUNT, Lezay, France.

A Beanball at Baltimore

Regarding "The Short Life of the Certified Genius" (Sports, Aug. 5) by Ira Berkow:

The outrage we felt on reading that the Dodgers "in 1966... swept the Baltimore Orioles in the World Series" was marginally less acute than if it had been stated that the Kaiser licked the allies. The Orioles' past, unlike their dreadful present, was splendid, and it included sweeping the Dodgers in the 1966 Series.

DAVID AND JOHN MILLER, Brussels.

The Quayle Affair

George Bush Jr.'s defense of Senator Dan Quayle is a real howler. ("Republican Leaders Rally to Quayle's Defense," Aug. 20). Anybody affected by the Vietnam-era draft recalls that there were several well-recognized ways to avoid it: become a conscientious objector, go to Canada, or join the national guard. The least painful and most difficult of the options was the latter — it was hard to get in, but once there it was cushy.

Counterrevolutionaries

Regarding "A Hungarian Drops By" (Opinion, July 28):

As a noncommunist, I am always surprised that Westerners — politicians as well as journalists — do not understand why we say that the uprising of Oct. 23, 1956, was a counterrevolution. This word is not a curse. It is an exact description of a fact. The soldiers of the Confederacy who fought against Abraham Lincoln and his anti-slavery policy were counterrevolutionaries; so were the

GENERAL NEWS

Bill Gives U.S. Stronger Hand on Trade

By Barnaby J. Feder, New York Times Service

NEW YORK — The trade bill signed by President Ronald Reagan includes everything from accounting changes, symbolic amendments and special favors to broad policy measures that may eventually give the government a much stronger hand in trade negotiations.

Although he said he was not happy about all aspects of the bill, Mr. Reagan signed it into law Tuesday. The most controversial issues addressed in the bill, those concerning other nations' trading practices, have overshadowed some parts of the measure that are likely to have much more immediate impact.

For instance, the bill authorizes the government to implement several previously reached trade agreements, including one converting the United States to the system for classifying goods that is used in the rest of the world.

The law also amends tariffs for many chemicals and for products ranging from watches and hatter's fur to frozen cranberries.

In the long run, the single most important provision of the legislation may be the authority it gives the administration to negotiate international trade agreements covering goods and services under the so-called Uruguay Round of talks, sponsored by the General Agreement on Tariffs and Trade.

The Uruguay Round, intended to liberalize trade, began two years ago and will reach its midway point in December in Montreal.

The bill sets up an expedited procedure for Congress to consider, without amendments, any agreement submitted for ratification by June 1, 1991.

"That's the centerpiece of the

whole bill, as far as we are concerned," said Howard A. Lewis 3d, vice president for international affairs of the National Association of Manufacturers.

In general, economists describe the new law as one that opens the door to sweeping changes in the nation's trade policies and practices but does not force the president to walk through it.

The bill, in a widely cited example, transfers from the president to the U.S. trade representative the authority to initiate investigations of unfair trading practices and to order sanctions.

Supporters believe that this provision, by keeping presidential prestige out of the limelight, will result in quicker and more favorable decisions in cases where U.S. companies are harmed by foreign competition.

Other issues covered in the 1,000-page trade bill include:

• Trade Agreements: In addition to granting authority for negotiation of trade agreements in the GATT talks and adopting the Harmonized Tariff Schedule governing classification of goods, the bill puts into effect the so-called Nairobi Protocol, which affects importation of educational, scientific and cultural materials, repealing legislation Congress passed in 1962 governing such articles.

The bill also implements the trade agreement reached by the United States and the European Community 16 months ago covering tariffs on citrus and pasta products, and extends U.S. participation in the international trade agreement on coffee.

• Unfair Trade: The bill requires the government to identify which nations have persistent trade surpluses and maintain unjustifiable

or unreasonable trade barriers. The list of practices to be weighed in considering retaliation includes violations of workers' rights, a provision sought by unions.

The government is also directed to seek agreements that extend anti-dumping policies to include situations in which foreign companies sell such goods as computer chips in other countries at less than cost, allowing manufacturers in those countries to use them in products that can then be sold at unfairly low prices in the United States.

• Anti-Bribery Law: The bill amends the Foreign Corrupt Practices Act and reduces the potential liability of corporate officers for actions by employees. It also clarifies what payments are permitted.

• Export Controls: The bill abolishes licensing of many electronic and industrial products for export to allied nations that are members of the Coordinating Committee for Export Control, known as COCOM, once their controls on re-export to other countries have been certified as effective.

• Intellectual Property: The bill includes measures to encourage broader recognition of U.S. patents, copyrights and other property rights provisions. It extends situations in which U.S. companies can seek damages from importers and allows U.S. companies to block imports without proving damages if patents are violated.

• Subsidies: The bill authorizes various subsidies aimed at enhancing U.S. competitiveness, discouraging foreign subsidies or cushioning the impact of foreign competition on U.S. companies.

• Reciprocity: The bill has several provisions reflecting a growing demand from Congress for reciprocity

in trade relations. The president is directed to seek more access to foreign telecommunications markets for U.S. companies, using the threat of closing the U.S. market as leverage.

The bill calls for a more equal flow of scientific information between the United States and Japan. And it bars foreign companies from being primary dealers of U.S. government securities unless U.S. firms have the same opportunity in the company's homeland. That provision could threaten the New York operations of the Japanese securities companies Nomura Securities Inc., Nikko Securities Inc. and Daiwa Securities Co.

• International Finance: The bill requires annual reports to Congress on progress in coordinating and stabilizing currency exchange rates. It also requires the United States to focus attention on nations with large trade surpluses, such as Taiwan and South Korea, whose currencies are kept at what many economists see as unreasonably low levels to encourage exports.

The bill also includes a measure, opposed by the Reagan administration, calling on the Treasury to study and discuss with other nations the possibility of setting up a special bank to purchase Third-World debts, convert them into tradable securities or engage in other activities that might reduce the debt load of developing nations.

In addition, the bill eliminates restrictions on importing and exporting books, films, phonograph records and other informational material to and from Cuba. The ban, imposed in 1962, also applied to newspapers, posters, photographs, microfilms, microfiches and tapes, making it necessary to obtain a license from the Commerce Department to import more than a single copy.

Metric Lovers Rejoice

Crusaders for wider use of the metric system are happy about an obscure section of the trade bill. The Associated Press reported from Los Angeles:

The bill designates the metric system as the preferred method of measure for trade and commerce and requires government agencies to start buying metric whenever practical.

By 1993, the bill says, agencies should "use the metric system of measurement in procurement, grants and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiency or loss of markets to U.S. firms."

Because of that language, however, analysts at the National Association of Manufacturers do not expect much impact from the section.

Japan and Other Nations Express Concern

Compiled by Our Staff From Dispatches TOKYO — Prime Minister Noboru Takeshita has called the U.S. trade bill "regrettable" and said, "We hope the U.S. administration will take appropriate measures to curb protectionism."

This comment reflected similar

unease in South Korea, Taiwan, Europe and elsewhere. Many world leaders had expressed reservations while the bill was moving through Congress.

Japan, which accounted for about one-third of the \$171 billion U.S. trade deficit in 1987, was a primary target of the bill.

Hajime Tamura, Japan's international trade and industry minister, said the bill could "trigger further protectionist pressures, endangering the future development of the world's free trading system." Business leaders echoed his concerns.

In Seoul, the government said it hoped the law would not trigger protectionist legislation around the world. A statement by Foreign Minister Choi Kwang Soo expressed "deep disappointment" at the signing of the bill.

A representative of the European Community said Wednesday in Brussels that the EC would consider case by case the possibility of retaliation against provisions of the bill.

"The European Community is prepared to defend its legitimate interests every time they are put at stake by unilateral trade measures, based on the trade bill," the EC commissioner for external relations, Willy de Clercq, said in a statement.

In Taipei, Wang Chien-shien, deputy economics minister, urged Washington's trading partners to help narrow the huge U.S. trade deficit, which prompted the bill. (UPI, Reuters, AFP)

Oh, Ma, Please, Pa, Can't I Join the National Guard?

By Philip Roth

Q. Senator [Quayle], was there a waiting list when you got in the national guard?

A. Well... the report that I read in the paper was that there were vacancies.

Q. Well, then, why didn't you just go down to a recruiting office and fill out the papers? Why did you —

A. I do — I do — I do what any normal person would do at that age, you call

these people who are your parents? "Nothing," I said. "I'm staying with them over in Moorestown."

Suddenly he was on his feet, shouting. "What do you have against the way things are done in this country? Aren't you an American child? Don't you know what the family means to an American child?"

"I do — I do — I do." "Why can't you people do what normal people do? How can you call your self the American son of an American mother and an American father and pull a stunt like this?"

I drove to my parents' house in a daze. My mother was home and, over a cup of coffee in the kitchen, I told her what had happened in Camden. Quietly, after hearing me out, she said, "But Philip, I'm afraid the sergeant was right. That wasn't very normal behavior on your part."

"What wasn't? Why wasn't it?" "Daring, how can you even ask? You know very well that when something like this happens, you call home to mother and father and say, 'I'd like to get in the national guard.'"

"When 22 years old. Mother, I have a master's degree. I haven't really lived at home since I went off to college."

In a choking voice, she replied. "That doesn't mean that we're not your parents, dear."

"Oh, Ma, don't start — we've been around this track before. I've grown up."

"Oh, how can you hurt us like this? After all your American father and I have done for you, how can you turn out to be so abnormal!"

My father was home from the office only minutes after she had phoned him. I shall never forget the fight he and I had that day. He had lost his temper before he was through the front door. "It is true? You tried getting into the national guard without calling your mother and father? Is that what you actually had the nerve to try to do on your own?"

"What I do about the national guard is my business!" I shouted back at him. "Why the hell can't you call home like any normal person your age!"

"Because I don't think there's anything wrong with not asking your mother and father about joining the national guard, that's why!"

I thought he was going to take a swing at me — or that if he suggested again that I was "abnormal," I'd take a swing at him. I walked out of the house before the worst happened, but for years we didn't speak to each other.

The irony is that, young and raw as I was, I then went off and committed a totally abnormal act. I was so angry at the national guard sergeant, at my mother, at my father — and at America too — that I did the least patriotic thing I could think of. I joined the army.

Mr. Roth, author of 16 books, will publish an autobiographical work next month. He contributed this to The New York Times.

Advertisement for 'Food Lover's Guide to Paris' by Patricia Wells. The ad features a black and white photograph of a Parisian street scene with a cafe and a person in the foreground. Text includes: 'SECOND EDITION COMPLETELY REVISED & UPDATED!', 'Patricia Wells, the International Herald Tribune's award-winning restaurant critic, revisited each of the more than 300 restaurants, bistros, patisseries, salons de thé and cafés, for this second edition of her popular guide. In her search, she discovered 100 exciting new places that have made it into this entertaining and useful book.', 'The critics raved about the first edition: "To walk the streets of Paris — without deadline or curfew — stalking everything wonderful to eat... it's the dream of every one of us in love with food. And Patricia Wells has done it. No serious hedonist should go to Paris without it."', '—Gael Greene, New York Magazine.', '—Lois Dwan, The Los Angeles Times.', '—"One of the best guides in English. And, mon Dieu, it was done by an American. There will be consternation in high places."', '—Frank Prial, The New York Times.'

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SCIENCE

Closing In on Key Bone Marrow Cells

By Harold M. Schmeck Jr. New York Times Service

SCIENTISTS are coming close to isolating one of the most important and elusive groups of cells in the human body, the ultimate source of all blood cells and the immune defense system.

The search is for cells of the bone marrow that scientists call the stem cells of the blood-forming system. For at least three decades, scientists have been trying to find ways of separating the stem cells from everything else in the bone marrow so they can be used in pure form.

Now the international effort appears to be nearing success. Scientists believe that the study of pure stem cells would reveal much that is still unclear about how the various cells of the blood and immune system develop. Stem cells could also be put to important practical uses, such as in treating some serious blood disorders and in transplants of bone marrow, which are used to treat some cancers.

Stem cells might be valuable in gene therapy because that still-unproved medical treatment depends on transplanting specific genes into cells that will be a permanent part of the patient's blood system. Such permanence would be achieved with stem cells, but not with other bone marrow cells that would have only limited lifetimes and would therefore achieve only temporary cures at best.

row in the hope of hitting a large number of stem cells.

Eventually, purification of stem cells might even make large-scale bone marrow banks feasible for special purposes because it would be necessary to store only a relatively small number of cells. Bone marrow is the source of the oxygen-carrying red cells and all the white cells and various kinds of house-keeping and scavenger cells that have many functions in the blood, including protection against invasion by viruses and other potential causes of disease.

All these cells arise, through several stages of development and differentiation, from the stem cells. The ultimate stem cells may account for only about one 0.01 percent of cells of the bone marrow. Stem cells in even fewer numbers can be found in the circulating blood.

In recent research at Stanford University, Dr. Irving Weissman, Dr. Shelly Heimfeld and Dr. Gerald J. Spangrude have reported dramatic success in purifying mouse stem cells. The achievement, building on earlier research by scientists in Canada, Europe and the United States, offered strong support for the idea that the same purification can be achieved with human stem cells.

Success in isolating the mouse stem cells was tested by using the cells to save the lives of mice whose own bone marrow had been destroyed by massive doses of radiation. The research team reported in the journal Science that as few as 80 to 100 cells were enough to repopulate the animals' bone marrow permanently and in give rise to all the elements of blood. In contrast, it would have taken 200,000 to 300,000 cells from whole bone mar-

row to do the same job, the scientists said.

The scientists were able to tag the mouse stem cells for identification to prove that the renewal of the animals' blood system was not accomplished by native cells that unexpectedly survived the radiation. "We don't know for sure the minimum number of cells that would be needed to save the animal," said Dr. Weissman. "Conceivably, it could be as low as a single cell, but it could also be as many as 10 to 15."

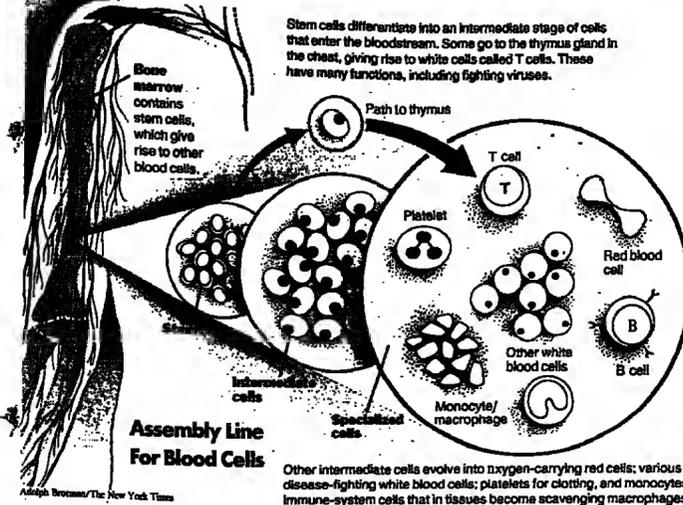
"The degree of purity they achieved was phenomenal," said Dr. James D. Griffin of the Dana-Farber Cancer Institute and Harvard Medical School in Boston.

Dr. Malcolm A.S. Moore of Memorial Sloan-Kettering Cancer Center in New York described the recently reported work as the "icing on the cake," noting that the cake

itself has been built by many scientists over the last three decades. He said the new work in mice "was extremely well done" and shows how very few stem cells can suffice to reconstitute the blood system.

Some scientists believe that currently available purification and separation techniques are adequate, or nearly so, to isolate the human stem cells (on. But there is a major problem: how to be absolutely sure the cells are really stem cells.

No one yet knows exactly what the human stem cells are or how to define precisely their capabilities. Because of this definition problem and that of developing assays to identify stem cells precisely, Dr. Donald Thomas, a pioneer in bone-marrow transplantation, calls the search for the pure stem cell "the Holy Grail" of blood research.



Stem cells differentiate into an intermediate stage of cells that enter the bloodstream. Some go to the thymus gland in the chest, giving rise to white cells called T cells. These have many functions, including fighting viruses.

Other intermediate cells evolve into oxygen-carrying red cells; various disease-fighting white blood cells; platelets for clotting; and monocytes, immune-system cells that in tissues become scavenging macrophages.

Assembly Line For Blood Cells

Source: Science/The New York Times

Feelings: Gender Gap Lingers Men and Women Still Bound by Traditional Sex Roles

By Daniel Goleman New York Times Service

DESPITE two decades of assaults on sexual stereotypes, new research shows that when it comes to emotional life, men and women seem as bound as ever by traditional sex roles.

The differences are starkest in the suppression of feeling. Psychologists are finding that men generally are still more reticent when it comes to emotions like sympathy, sadness and distress, while women are more inhibited when it comes to anger and sexuality.

Yet studies are finding that men and women differ little, if at all, in the actual physiology of these feelings; the differences appear only when it comes to their expression.

Beyond the expression of feeling, men and women also differ in how they explain an emotional outburst — especially intense feelings like anger and sadness — and what the appropriate response might be.

And these differences seem destined to last.

Recent studies show that parents still treat boys and girls differently in regard to their emotional life.

"The stereotypes of emotionality for men and women are as strong as ever, in spite of two decades of efforts to break them down," said Dr. Virginia O'Leary, a psychologist at Radcliffe College.

Dr. O'Leary was one of several psychologists presenting findings on sex differences in emotions at a meeting of the American Psychological Association last week.

Some of the most compelling laboratory research shows, for instance, that when provoked, men and women

had equivalent reactions in terms of heart rate and other physiological responses. But when questioned, the men usually said they were angry while the women usually said they were hurt or sad.

In a study, men and women viewed scenes of accidents and their victims. The men's faces showed no expression, while the women's expressed sympathy. Physiological measures, mean-

while, showed that both men and women were equally affected by the scenes.

"Although women don't admit to feeling angry as much as do men, they may feel just as angry inside," said Leslie Brody, a psychologist at Boston University. It's their early training that tells women not to be as open about their anger. And the same is true for men with emotions like sympathy.

The inhibitions in expressing emotion seem strongest in social situations, and weakest in situations where a person is most at ease.

For instance, in a study where people were asked to reveal an emotionally upsetting secret, men did so as readily as women when they could talk into a tape recorder or write it in a private journal.

But in face-to-face situations, differences emerge between men and women, said James Pennebaker, a psychologist at Southern Methodist University, who did the research on confessions. "It's more threatening for men to express emotion that show they are troubled."

In the emotional politics of life, the relative ease with which men express their anger may lead to unsuspected difficulties. In a survey of women who work as secretaries, the single most disliked characteristic of male bosses was anger, Dr. O'Leary said.

Sexuality is another arena where there is a marked difference between the sexes in inhibition. One study found that as many as 42 percent of women said they were not sexually aroused, even as readings of vaginal temperature showed that they were responding physiologically.

The women in the study were listening to a tape of an erotic story while the measurements were made. In the same study, not a single man was unaware of his sexual arousal.

More recent studies have had similar findings, said Dr. Patricia Morokoff of the University of Rhode Island. Dr. Morokoff has found that, particularly among women with less sexual experience, there tended to be a disparity between physiological arousal and the arousal they reported, measured during both erotic films and sex fantasies.

Twins Research Reveals Parental Power

New York Times Service

EXPECTANT parents naturally worry about the mishaps that might befall a baby on the way toward birth. But recent research should prove comforting. In one study of twins in which one of each set was sufficiently underweight at birth to concern doctors and parents, researchers found that the smaller of the two children actually fared better at one year of age than the other.

Psychologists see this finding as testimony to the power of parents to treat children in a way that compensates for a biological disadvantage.

The researchers found, for instance, that mothers talked more to the smaller child than the larger one. When the twins were one year old, the originally smaller ones were still smaller but they were doing better on tests of physical abilities such as coordination, dexterity and muscle tone.

For years, clinical wisdom backed up by research has predicted that the lower the weight of the child at birth, the more it was at risk for problems in these areas of development. The findings were reported at a meeting of the Ameri-

can Psychological Association in Atlanta by Tiffany Field, a psychologist at the University of Miami.

In another report, Eugene Emory, a psychologist at Emory University in Atlanta, said that infants who had suffered from brief oxygen deprivation in the last few minutes of labor were not only free of problems after one year, but actually more robust than infants who had an easier birth.

The two studies are the most recent in a series of reports on the long-term psychological and intellectual consequences for children who experienced difficulties over the period of pregnancy or at birth.

"We're finding developmental surprises as research follows infants considered at risk into later life," said Claire Kopp, a psychologist at the University of California at Los Angeles. "Traditionally, it had been assumed that if a baby were exposed to risks during pregnancy or birth, it would have later developmental problems — intellectual deficits, or behavioral ones such as impulsivity. Slowly we are finding that is not necessarily the case."

The twins study involved 110

sets of twins. On average, the smaller of the pair weighed only two or three pounds, while the bigger twin usually weighed about 25 percent more than his sibling. According to the standard pediatric measure of weight for length, the smaller twins in the study were seen at risk for later problems in development.

But Ms. Field found that by four months, the smaller twin had developmental advantages over the larger sibling. After one year the smaller twins also had superior motor development than the other twins, and did far better on these tests than premature infants of similar birth weight. One reason, Ms. Field believes, is that the parents of a twin who is much smaller than the other are far more aware of the low birth weight than the parents of a single child born equally underweight.

"We found the mothers talked to those infants more frequently," Ms. Field said. "It seems that the parents, realizing that one twin was significantly smaller than the other, gave them enough compensatory attention to facilitate their development."

Ms. Field also reported that premature infants who had respiratory problems and who are considered at high risk for later difficulties, had normal scores on intelligence tests by the time they reached school age.

The study of infants deprived of oxygen in a portion of labor was particularly surprising. The research involved 56 infants. Infants who suffered from this condition of hypoxia for a prolonged period in labor had developmental difficulties, as expected. But Mr. Emory found that babies who suffered from hypoxia only in the last 10 minutes of labor were not injured.

"A drop in fetal heart rate, which signals hypoxia, during the last stages of contractions had been thought to be an ominous clinical sign," Ms. Kopp said. "But when we evaluated them at four months, these babies were more likely than others to be seen by their parents as having an easy temperament and to have higher scores on tests of mental and motor development. And at one year, the same babies were still ahead on the tests."

— DANIEL GOLEMAN

Canadian Scientists Rove the Arctic Using Island of Ice as a Mobile Lab

By John F. Burns New York Times Service

HOBSON'S CHOICE ICE ISLAND, Arctic Ocean — Like mythic explorers, a group of Canadian scientists have been rafting across the Arctic Ocean on a levathan of floating ice.

The platform chosen by the Canadians for their polar odyssey is an ice island 5 miles long, a mile and a half wide and 150 feet thick (about 8 kilometers by 2.5 kilometers and about 45 meters thick).

Since 1983, when they first sighted the island and named it for the director of their polar research program, George Hobson, the Canadians have used the island as a mobile laboratory for oceanographic research. And by unfurling a Maple Leaf flag, they have found a new way of proclaiming Canadian sovereignty in the waters around the archipelago where the Ottawa government has become increasingly vigilant against intrusions by Soviet and American nuclear submarines, which are believed to use the labyrinthine channels of the archipelago for games of strategic hide and seek.

For the 30 men and women who work on the island during the summer, the operation provides an engaging mix of adventure and patriotism, as well as an opportunity to contribute to the knowledge of one of the world's least understood seas.

"How many people think, 'Gee, I wish I were on a deserted island?'" said Richard Brink, a 29-year-old seismic technician working on the island after a winter in Calgary selling mutual funds. "Well, we're the people who are doing it."

For next year, the government is considering establishing a post on the island for the Royal Canadian Mounted Police. If the Mounties arrive, it will be the most obvious political gesture yet in the \$2-million-a-year project.

"It's got to do with waving the flag and saying to people, 'We're here, we're checking out the territory,'" said David Bromley, a 24-year-old geophysicist.

From March to October each year, when the arctic emerges from the 24-hour darkness of the polar winter, the Canadians use the island to probe phenomena that have intrigued polar adventurers since the days of the arctic pioneers. Like them, the Canadians have to contend with gale force winds and temperatures that can sink to 50 degrees below zero Fahrenheit (about minus 45 Centigrade). But unlike the pioneers, the Canadians have

diesel-heated cabins, snowmobiles for transport and food that would grace a good hotel.

From a location that is barely 700 miles from the North Pole, the scientists are sampling marine life and fossils 1,700 feet down on the ocean floor, detonating underwater seismic explosions that reverberate 20 miles into the earth's crust, and monitoring polar currents and winds.

Each year, they learn more about what created the Arctic Ocean and its forbidding climate, what mineral riches and living things it conceals, and what causes the phenomenon known as the arctic gyre, the force that pushes the ice pack around the pole on a clockwise course, against the prevailing wind.

There have been surprises, and some controversy. A research team from the Atlantic Geoscience Center in Halifax, Nova Scotia, has found traces of chemical pollution in samples taken from the sea floor, raising troubling questions about the long-term health of an ocean that had hitherto been considered relatively pure.

And despite a feeling among some scientists that the island should be reserved for civilian research, the Canadian military has hung hydrophones through a shaft cut into the ice to listen for the sonar "signatures" of the superpowers' nuclear submarines.

The ice island occupied by the Canadians is one of only a handful

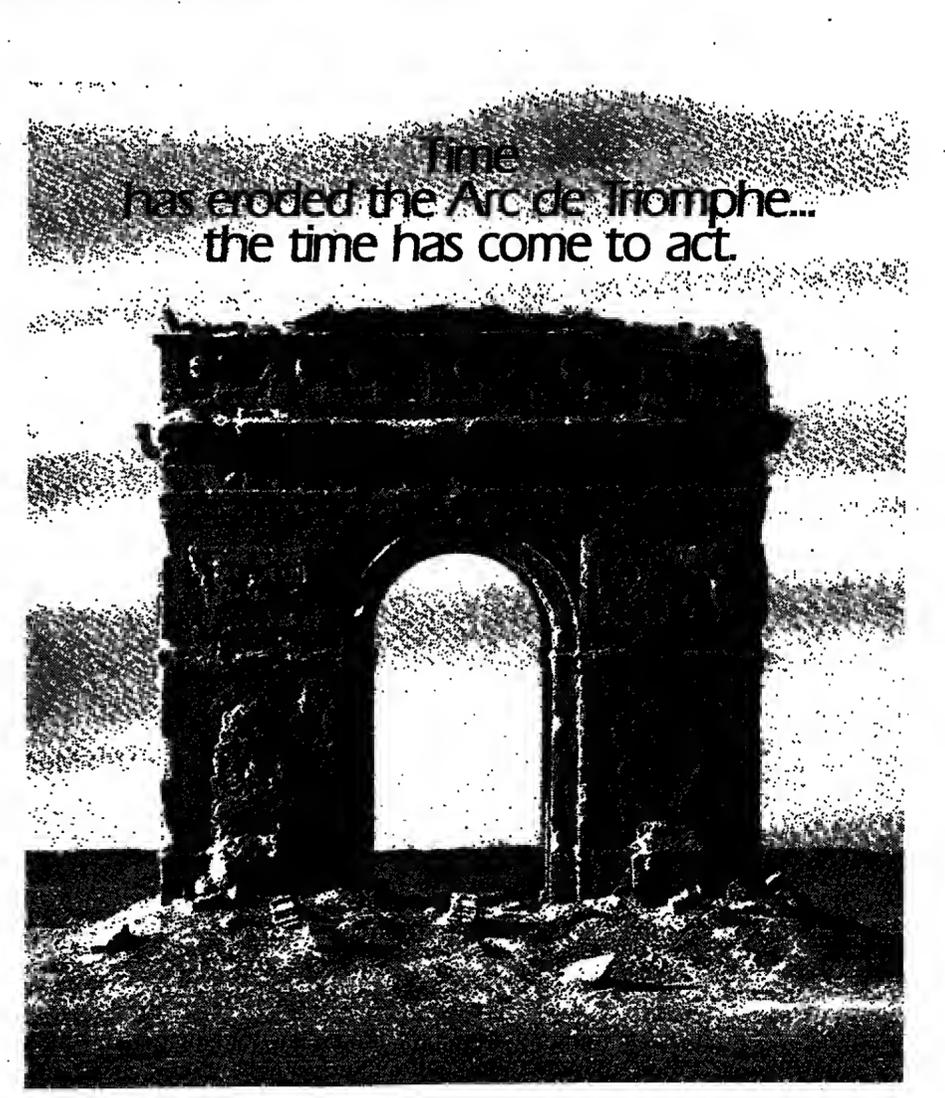
to appear in the Arctic Ocean in this century.

Since it broke away from the coastline, the island has moved more than 440 miles southwest of the ice shelf and 60 miles from the closest land. Judging from the course of an ice island known as T-3 that American scientists occupied intermittently between 1952 and 1974, the Canadians believe that Hobson's Choice will move out of waters claimed by Canada in about 1992, into the ocean north of Alaska and onward into the ice pack off Siberia's northeastern coast.

And projecting from the slow melt of the past five years, which has trimmed the billion-ton island's thickness by about three feet a year, the Canadians expect the island to last about 40 years.

Recently, the Ottawa government opened discussions with Moscow and Washington with a view to turning the scientific station into a joint operation.

The proposal faces major snags. The United States and the Soviet Union attach great importance to the arctic as a prowling ground for their nuclear submarines, and one or both of the superpowers will almost certainly demand that the Canadian military remove the hydrophone installation on the island. And there could be difficulty over Canada's insistence that the project remain under Canadian control.



For over a century and a half, the Arc de Triomphe has been a witness to the great moments of French history. And every day, for the past 63 years, the sacred flame which burns beneath the arch, has symbolized the continuity of France. Today, this unparalleled monument is seriously threatened by the erosion of time and restoration is urgently required. The time has come to act. Alongside the French government, a National Association for the Restoration of the Arc de Triomphe has been founded. It needs the help of all who love France, of all who love Paris. The Association is recognized by the Fondation de France and if you are

able to French taxes, your contribution can be deducted from your taxable income within the limit of 5%. The name of each contributor will be inscribed in the Golden Book which will be preserved at the Arc itself. Each contributor will also receive a Certificate of Recognition. Please send your gift to: Association Nationale pour la Restauration de l'Arc de Triomphe - B.P. 303-08 - 75085 Paris Cedex 08. Make cheques payable to: Fondation de France - Arc de Triomphe.

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NYSE Most Actives table with columns: Vol., High, Low, Last, Chg.

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NYSE Index table with columns: High, Low, Close, C/P

Wednesday's NYSE Closing logo and text: Via The Associated Press

AMEX Diary table with columns: Clear, Prev., Close, Chg.

NASDAQ Index table with columns: Close, Prev., Change

AMEX Most Actives table with columns: Vol., High, Low, Last, Chg.

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NYSE Diary table with columns: Advance, Decline, Unchanged, Total Issues

Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of Total

Dow Jones Averages table with columns: Open, High, Low, Last, Chg.

Standard & Poor's Index table with columns: Industrials, Transp., Utilities, Finance, Insurance, Total Issues

NASDAQ Diary table with columns: Advance, Decline, Unchanged, Total Issues

AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the notional prices up to the closing on Wall Street and do not reflect late trades elsewhere.

N.Y. Stocks Post Sharp Gain

NEW YORK — The market broke a three-day slide Wednesday as prices moved sharply higher on the New York Stock Exchange...

Quarter narrowed to \$29.9 billion from the revised \$35.2 billion imbalance in the first quarter.

"We do expect the trade deficit to level off rather than improve for the rest of the year," said David Wynn, chief economist for Data Resources Inc. "We can't continue to see those kinds of export figures. The world economy is just not growing that fast."

Heating systems... can now be up to 96% efficient.

can now be up to 96% efficient. New gas furnaces, from several manufacturers, use Ametek motor blower systems to recapture heat from flue gas.

AMETEK Paoli, Pennsylvania 19301. 96% EFFICIENT. Advertisement for heating systems.

Large table of stock prices (A) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (B) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (C) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (D) with columns: 12 Month High, Low, Div, Yld, PE, etc.

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Large table of stock prices (H) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (I) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (J) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (K) with columns: 12 Month High, Low, Div, Yld, PE, etc.

Large table of stock prices (L) with columns: 12 Month High, Low, Div, Yld, PE, etc.

From yesterday's small international groups, the industry has combined its acumen to become one of both women's and men's right: Golden brocade embroidered decorations, 1930s pleated skirt by Toni Sch...

While the industry as a whole has essentially not kept pace with the excellence of manufacture, service which has become with German fashion can trace back to its earliest years. It all began in Berlin, where, noted, served not only as a center but the very heart of anything and everything that man fashion until the onset...

GERMAN FASHION

The Shaping of an Industry



ADOLF RUMPLER UND GESCHWORE BRUNN

From yesterday's small couture houses to today's international groups, the 150-year-old German fashion industry has combined creativity and business acumen to become one of the world's leading exporters of both women's and menswear. Top row, left to right: Golden brocade evening dress, 1934; dress with pleated decorations, 1934; and gray woolen suit with pleated skirt by Toni Schiepler, 1951.



ADOLF RUMPLER UND GESCHWORE

This year's collections (bottom row, left to right) from Louis Feraud (Pink); Brigitte Haerke; Lutz Teutloff and Aventura (Hucke). The Königsallee, Düsseldorf (below).



JOHN MURPHY JOHN MURPHY



ADOLF RUMPLER UND GESCHWORE BRUNN



IN 1987, the annual turnover of the entire German apparel industry reached 22.9 billion Deutsche marks (women's wear turnover was placed at DM 11.3 billion), placing Germany first among Europe's apparel producing countries. In 1987, the German ready-to-wear industry arrived at another milestone: 150 years of production.

While the industry as it exists today essentially took shape in the 1950s, the excellence of manufacture, reliability and service which have become synonymous with German fashion can indeed be traced back to its earliest years.

It all began in Berlin, which, it should be noted, served not only as the economic center but the very heart and soul of anything and everything to do with German fashion until the onset of World

War II. But to jump back to 1837: It was then that a Magdeburg merchant named Valentin Mannheim, armed with 100 talers of lottery winnings, decided to set up shop in Prussian Berlin. One day, so the story goes, Mannheim had the idea to produce a simple coat in a series of two or three, and to offer the finished product of sale in his store, at a reasonable price. And thus with very little fanfare, but almost instant success, German ready-to-wear was born.

Others soon followed suit, or perhaps one should say coat, for it was a black

coat, lined with colored cashmere or patterned flannel, that established Mannheim's off-the-rack trade. In the same year, David Lewin from Königsberg opened a business for women's coats and capes, and was one of the first new entrepreneurs to sell his wares at a fixed price. By the mid-1840s, one could count

a dozen apparel makers in Berlin, and in 1848, Hermann Gerson, founder of the famous House of Gerson, was named supplier to the court. His name, it's been said, stood for exquisite, exclusive and undeniably expensive apparel, the latter born out by the 400 Gold Mark price tag he reportedly set on a little black picquet blouse accented with black lace.

The advent of the sewing machine, first imported from America in 1854 by a Berlin tailor named Pomerenke, further

fueled the growth of the German fashion trade. It was a time of expansion. Annual turnover in 1854 was placed at 23 million gold marks. By 1884, it hit 100 million, and of the city's 1.5 million inhabitants, it is estimated that 50,000 worked in the apparel industry. It is also interesting to note that German manufacturers were already importing to neighboring Austria as early as 1857, and the first delivery to America was made in 1860.

At the turn of the century, there were 170 coat producers, 150 blouse concerns, 70 suit and knit factories operating in Berlin, and as a fashion hub, Berlin was on a par with Paris, New York and

Florence. The Berlin garment center, located on Hausvogteiplatz, offered fashion that ranged from elegant couture (produced after Parisian designs), to middle-priced clothing and lower-end staples. World War I brought with it difficult times for the German apparel makers, but hardship was followed by the heyday of German fashion — and Berlin — the Golden Twenties!

The postwar public was hungry for fun, and fashion to suit its fun: light clothes for sport; comfortable clothes for traveling; whimsical day dresses; and extravagant evening wear. The explosion

Continued on Page IV

IF one were to try to create goddesses of fashionable German women, the material at hand would be exceedingly scarce. In fact, as the popular imagination goes, the notion of German fashion generally evokes but two images: Marlene Dietrich and dirndl skirts. (Brünhilde, it should be acknowledged, also comes to mind; but with all due respect to Wagner, she must be said to hail from rather more Northern climes.)

Thus the concept of the German woman of fashion remains stranded, as it were, somewhere between the svelte sophistication of Dietrich and the decidedly more rounded contours of a Bavarian milk maid. Official facts and figures do little to further clarify her profile. The DOB, Germany's women's ready-to-wear association, in attempting to chart the German woman's tastes and buying habits, estimates that she spends about 1,100 Deutsche marks on her wardrobe annually. But this figure, they are quick to point out, is an average of yearly expenditures of women as di-

verse as a 60-year-old Oma and a budding young fashionista of 16.

Clearly not reflected in the DOB estimate are high-ticker designer purchases, one of which would practically wipe out the proffered wardrobe budget. And as Europe's most expensive apparel producers know, and the designer-packed boutiques in all the major German cities attest, the German woman of means, and there are many, is an ardent consumer of status merchandise. What does she buy? In a word: everything.

The well-heeled German woman tends to change her look as often as the nation's undisputed queen of fashion high-jinks Princess Gloria von Thurn und Taxis changes her hairdo. "Few German women recognize their own style," a German designer commented with a certain exasperation in her voice. "One day you'll see her in Comme des Garçons, still wearing, of course, her golden necklace. Or it'll be Romeo Gigli with red toenails. The German woman never forgets to polish her toes. And then the next day, she'll be in Lange, followed by Manfred Schneider, and then perhaps an outfit from me. None of it adds up."

"What I often complain

about," said another German designer (who, like his colleague, was granted anonymity, lest they be thought to bite the hand that feeds them), "is that the German

IN SEARCH OF THE IDEAL IMAGE

woman can afford to buy any kind of fashion, and yet she still looks insecure with her dark-tanned face in her new designer outfit. Furthermore, she has a tendency to gravitate

toward the most extreme item in a collection and to stick to it. Regardless of age and income bracket, there are certain things that the German woman seems loathe to give up,

shoulder pads the first and foremost among them, whence the long-standing fascination with French designer Claude Montana. Red shoes, high-heeled pumps of all col-

ors, wide belts and an irrepressible love of gold and glitter round out the list. And one cannot forget the German mania for coordination. It is practically a national obsession.

On a Saturday afternoon, for example, the following color-coordinated ensembles were cited on Berlin's busy Kurfürstendamm, all within five minutes. First, a bleached blonde in her twenties ambled by, decked out in a tangerine broad-shouldered top, turquoise and orange printed shorts, a white belt with colored stones, a white purse and tangerine pumps. She was followed by a woman in her fifties wearing a red back-oe-belted jacket, a black skirt, red and black pumps and a red bag. A woman in her forties in green slacks and a matching top had managed to assemble stockings, shoes, sunglasses and a plastic shopping tote all in the same shade of blue. The most understated of the lot, a young woman in jeans and a loose, lemon pullover, had still contrived to coordinate her sneakers and socks with the burgundy lining of the navy blazer slung over her arm. And in the case of a young punkette bedecked in black, the vivid cherry blaze in her hair accented the stripes in

her boyfriend's shirt, as did his eyeglasses.

No one could ever accuse the German fashion clientele of subtlety. If she can't afford to wear her bank account on her sleeve (those who can, do), then the German consumer wants her stylistic efforts to be immediately and all too often glaringly apparent. Yet there are signs of a change under way. A more reduced and less packaged look is creeping onto the streets, largely on the back of the young, who, many say, are less label-fixated than their elders. And then, too, there is a growing group of increasingly sophisticated and well-traveled professional women, who seem more appreciative of the merits of a less showy, personal style. Whether that style will, in the final analysis, be particularly German, is open to question. For as another German designer pointed out, "A contemporary German woman on the international scene does not want to be named or seen as a German. She wants to be international."

—Melissa Drier

CLOSE-UP

Daniela Bechtolf



Young designer to show at Louvre.

T 30, Hamburg-born Daniela Bechtolf is considered the hottest young designer on the German market today. After studying at the Hamburg Art and Fashion School and working for nine years as a design assistant for the Italian firms San Lorenzo and Timmi, Bechtolf launched her first women's collection in 1982.

"I'm tired of sexy chic and ambitious aggressive fashion," says Bechtolf, who expresses her individuality through shape and color in strong fluid lines that emphasize movement while softening the silhouette.

"I enjoy mixing masculine tailoring with feminine detailing. It appeals not to a certain age, but to an attitude in women who are confident enough to wear clothes that work both with and against tradition."

A year ago, Bechtolf opened her first boutique on the trendy Poststrasse in Hamburg. Designed by Swiss architect Hannes Wettstein, Bechtolf's new fashion

"It is always important to keep one's sense of humor in fashion," says Daniela Bechtolf, who designed extravagant collars for her capes, buttoned shawls and stoles.

Her menswear line, launched in 1985, caters to a traditional yet flexible man who enjoys the unusual. In the upcoming collection, jackets set the tone: various lengths with three or eight buttons. The lapels are narrower with a softer profile. As for the trousers, the line is longer and leaner. Comfortable waistcoats and plain or embroidered shirts complete the look.

In both her lines, Daniela Bechtolf always uses sensible fabrics, such as tweeds, flannel and cord for men. For women she prefers structured wool crepe and light-weight cashmere and wool mix.

Her color schemes come in a harmony of natural hues: rich autumn russets, moss green and plum. The occasional flare of orchid shades in pink, violet and green make a striking contrast with her more subdued blacks, bright reds and deep blues.

This fall, Daniela Bechtolf has just been selected by the International Wool Secretariat to represent Germany during a big pan-European show at the Louvre in Paris on October 23 that will include several major European countries.

—Mary Deschamps

NEW MOVES BY LEADING LINES

WHEN 20-year-old Edwin Hucke launched his own company in 1934, he had only one sewing machine to produce a small line of dresses and lingerie. Fifty-four years later, the Hucke company, based in Lübeck, produces 7 million garments a year with an annual turnover of 444 million Deutsche marks and ranks as one of Europe's leading garment companies with women's, children's and men's lines.

According to Klaus Tegemeier, general manager and marketing executive of Hucke women's wear activities, the group's five women's brands are distinctly different from each other. Says Tegemeier: "Success in our exports to the Benelux countries, Great Britain, France, Scandinavia, Canada and the United States is mainly based on our intensive knowledge of these markets and an optimum handling of them."

The company's different lines offer many diversified collections to some 20,000 retailers in more than 30 countries. In women's wear, the Hucke line is designed for a sporty functional look with an emphasis on high-quality fabrics. Aimed at the busy career woman, Ravens

responds to the new matter-of-factness in fashion. Very successful on the market for the past year, *Aventura* has a younger target in mind. The line includes coats, jackets, blazers, dresses, skirts, trousers, blouses, knits and T-shirts. Pierre Castelle is the newest Hucke label. Its sport-oriented dress collection is based on a mix and match combination system. Finally, the Frank Eden collection caters to the economy-conscious consumer.

In men's fashion, the Hucke Group meets the requirements of the cosmopolitan man both in Germany and abroad. "With our programs called *Bergerie di Cania*, *John Slim*, *JS* and *Busch Sportline*, we are a very European enterprise," says Gregor Schinschetzki, marketing manager for Hucke menswear.

Today, Hucke menswear exports reach 20 percent of its total production, with a target of 35 to 40 percent. Overall, the group exports 29 percent, but in some women's lines with subsidiaries in Paris, London and Hong Kong, figures are as high as 40 percent.

In anticipation of the 1992 integrated European market, the Hucke company is adamant about its progressive

modern management. "We want to push young people forward and are also committed to introducing new technologies," explains Alexander Popovic, holding administrator and general manager of the Hucke Group, which has about 2,000 employees in Germany and several thousand more working for the group in contracted companies in Europe, Asia and Canada. On average, the Hucke company employs about 50 stylists and designers on a full-time basis, but it also relies on 10 to 15 independent stylists.

"Over the past five years, we have invested more than 20 million DM in computer-assisted design and computer-controlled production methods that include electronic cutting, sewing and finishing machinery," says Popovic. "We also cooperate closely with excellent German and international textile supplying companies, especially in developing exclusive fabrics and designs. We are currently working on a project that will increase the group's capital and prepare its quotation on the German Stock Market in the near future."

—M.D.

WHAT TO WATCH FOR NEXT SEASON

HAVING finally broken loose from their industrial mold, German designers presented their fall collections last March in Düsseldorf and Munich to a record number of participants.

The fall/winter 88/89 season, launched with a flourish during Igedo's international fashion fair, was attended by 55,000 buyers and over 1,000 journalists from 28 countries. "What is important today is to react very quickly to the changing demands in fashion," explained Manfred Kronen, Igedo's ubiquitous managing director. "From a commercial point of view, German designers have always benefited from an excellent reputation for their punctual deliveries and top quality manufacturing. Now their creativity is also being recognized and appreciated."

While Düsseldorf remains the largest fashion center in Germany, the city of Munich has also become an important fashion rendezvous.

"Until recently, it was very difficult for German designers to project a coherent image," said Dr. Karl-Dieter Demisch, who runs the Munich fashion fair. "For the past three seasons, we have tried to gather designers in highly professional shows comparable to those in Paris, Milan and London."

During Munich's 57th Mode-Woche, nine confirmed stylists from all over Germany presented their fall lines in the beautiful castle of the Bavarian kings.

The outstanding features for the 88/89 fashion season? Close-fitting silhouettes with knee-length skirts, worn un-

der the new sheath coats. A definite comeback of the late '40s look.

As always, Barbara Bernstorff showed partywear at its best. "My styles should inspire the wearer to give free rein to her own mood and imagination," says the Hamburg stylist, who has been designing highly feminine clothes for the past seven years.

Based in Berlin, Brigitte Haacke aspires at "making women more beautiful with a feminine, fashionable collection for the daytime." Her ladies suits are ablaze with color and her new combinations of jackets with skirts and trousers with waistcoats were particularly well received this season.

Founded in 1978, the Beatrix Hymensdahl company is committed to the Düsseldorf designer's unusual style,

which remains wearable and marketable. Her very feminine casual fashion aspires at encouraging the modern woman to enhance her personality. For the afternoon, she showed soft flowing dresses

and for the evening swinging circular skirts with nalle petticoats and ogh-fitting bodices. Busy career women should definitely consider the designs of Uta Raasch, also from Düsseldorf. Using very natural fabrics such as leather, silk, cotton, wool and knit all in the same color harmonies, she encouraged "unusual" combinations such as a pair of leather pants worn with an evening silk blouse or an elegant silk skirt with a sporty sweater and a leather jacket. In addition to her own collection, Raasch work as a freelance stylist for several prominent companies.

Jürgen Weiss, who lives and works in Munich and designs the uniforms for Lufthansa, presented slim-cut, figure-flattering and modern designs.

The up-and-coming new designer of the show was definitely Susanne Wiebe from Berlin, considered the city of avant-garde German fashion. Many people compare her style with Jean-Paul Gaultier's. She favors tight, brightly colored skirts worn over huge blazers.

For Dietrich Seeler, the silhouette is definitely inspired by the '60s.

Yuca (Yutaka Hasegawa), the only Japanese fashion designer living and working in Germany, founded his fashion

studio in Hamburg in 1978. His casually simple style is instantly recognizable. He prefers natural fibers: pure wool, jersey, silk and cashmere. This season, his double-layered knee-length skirts are worn with wool silk blouses.

Of special interest during the Designer-Selection in Düsseldorf were Caren Pflieger, Reimer Claussen, Iris von Arnim and Ursula Conzen.

Former model and gallery owner Caren Pflieger, who is based in Cologne, stood out with her finely detailed soft feminine style. She showed many suits with long slim jackets and short skirts. For the evening, her striped taffeta body-hugging dresses were in sharp contrast with her skin-tight metallic dresses.

The Reimer Claussen collection included superb suits in burning reds and bright blue tweeds, as well as wide gaucho pants and evening

wear in orange, pink and red satin.

Famous for her knitwear, Iris von Arnim showed very graphic sweaters and jersey dresses with romantic lace collars in a wide range of pastel colors.

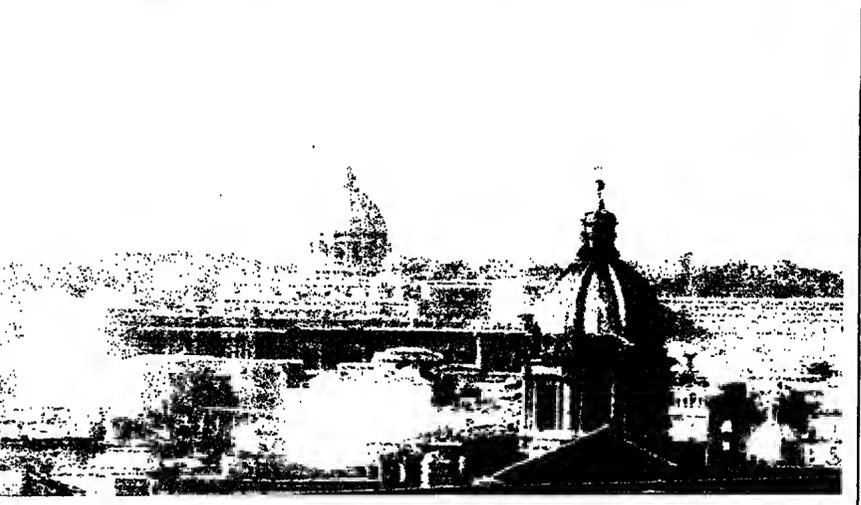
Lovely Ursula Conzen, who works mostly in Italy, presented a very sporty collection with a few classic elements. As well as lots of blazers and collarless jackets, her superb knitwear featured many twinsets and turtlenecks in the softest cashmeres.

For those interested in avant-garde fashion, designers grouped under the heading "The best of Berlin" included many new names and unusual styles, which were presented both in Munich and Düsseldorf. The two most outstanding in the new wave of designers were Barbara Dietrich and Sylvia Cossa, both belonging to the avant-garde KAB group in Berlin.

—Mary Deschamps



Fall-winter styles from leading German designers (from left to right): Daniela Bechtolf, Wolfgang Joop, Barbara Dietrich, Ravens (Hucke group).



A Touch of Eternity



Laura Biagiotti
ROMA
Parfums

CLOSE-UP

HE had the looks to become a successful movie star, the drive to head a major corporation, the creativity of an artist and the taste of an art collector. By becoming a fashion designer, 40-year-old Wolfgang Joop has successfully combined all these ingredients.



Casual collections, serious style.

Born in Potsdam, Joop grew up near the lovely gardens of Sans Souci where Voltaire spent many a day in the castle built by Frederick I of Prussia. After art school, he was involved in interior decorating and journalism. His feel for tradition and innovation helped him win three prizes for fashion creativity.

Beyond the natural charm of the artist, there is the pragmatism of the businessman. He started out working for large clothing manufacturing companies in Germany and in Italy before launching his own line in 1981. Today, he is world-renowned for his famous luxury furs and his avant-garde ready-to-wear collections

for men and women. His accessories include knitwear, shoes, handbags, jewelry and belts.

The past year has been very productive for Wolfgang Joop. First, he launched a new perfume. Produced in Grasse with notes made in Chartres, "Joop" perfume is distributed all over Germany, Holland, Switzerland and Austria, with the United States targeted in the next two years.

Secondly, Joop has just launched Joop Fashion, an independent company in partnership with Uwe and Jochen Holy, the

two brothers who run the Hugo Boss company, world famous for its sophisticated men's lines. Together they will produce a menswear collection and a couture collection.

Thirdly, Joop eyewear and accessories will be sold all over the world through licensing companies.

"German manufacturing is known for its top quality, but until very recently the stylists in this country lacked a sense of identity," says Joop. "I think the time has finally come for German fashion to be recognized as such."

This fall, Joop has designed for a woman that will trade in her lavish spring sophistication for a trim, younger silhouette that favors neo-romanticism and a hint of androgyny. Long or short, his carefree hemlines respond to varying moods and tastes. Flowing waistcoats go with belts that drop loosely at the hip. His fabrics include cashmere, silk, cotton, leather and fur.

For the past two years, Wolfgang Joop has also been teaching at the Berlin Beaux Arts School, where he was appointed professor in 1987. When his students question him about the key to his success, Joop invariably replies: "Only those who are prepared to pass beyond the border of pain will ever achieve the exceptional."

—Mary Deschamps

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READY-TO-WEAR OUTSELLS EUROPEAN COMPETITION

DESPITE the young dollar, the German fashion industry is still riding high. With total clothing sales of 23 billion Deutsche marks, Germany's 1987 ready-to-wear figures accounted for DM 11.3 billion, well ahead of France and Italy.

"We adapted our sales strategy to the changed situation early enough," says fashion mogul Klaus Steilmann, who heads the largest manufacturing group in Germany today. Last year, the Steilmann group posted a hefty turnover of DM 1.2 billion, with an export rate of 51 percent.

"Fashion for millions of women, not for women millionaires," has

The projected turnover of the new KL line is DM 20 million for this year, and scheduled to reach DM 50 million. KS, Steilmann's other personalized label, has already come out with flying colors after its test run on the German market. Aimed at an active woman with classic taste, the KS collection offers 80 different models at prices slightly over Steilmann's numerous other lines for men, women and children.

According to the latest industry figures, the other leading fashion houses in Germany, listed by volume, are: the Huckle group (DM 444 million, including its important menswear lines), Fink Modelle, which distributes the French label Louis Feraud, with a turnover of more than DM 400 million.

Following close behind are Escada, Betty Barclay and Mondri.

One of the

is produced in Hong Kong. Sometimes called the "half priced Rolls Royce," Escada is next in the German fashion roll call. Founded in 1976 by Wolfgang Ley and his talented Swedish-born wife Margaretha, Escada has over 2,400 shops around the world.

"The commercial success of our fashion industry is based on our flexibility," says Wolfgang Ley. "Instead of designing only two collections a year, we come up with at least four, which means that our clients can minimize their risks and buy a limited number of models each time. In addition, we ensure punctual seasonal deliveries, four to six weeks after the orders have been taken."

Champion of wearable, yet totally affordable women's wear, Escada has no match when it comes to testing new markers. When Wolfgang Ley decided to launch Escada on the French market, he

months of research and a bill of DM 3 million, Escada's turnover in France literally doubled and should reach DM 18 million in 1988.

American-based production is still an exception in the West German industry. One of the few successful entrants into that field is the Mondri group, which recently asked U.S. manufacturers to produce a certain number of their items.

For the past 20 years, the Mondri group has been successful both in Germany and abroad. But it was really Diana, Princess of Wales, who placed Mondri on the road to fame.

When the most scrutinized young woman in the public eye appeared at a polo match wearing a pair of red polka-dotted socks, she literally created an uproar.

Designed by Mondri director Herwig Zahm's wife Christa, the now famous pol-



been the successful company policy of Klaus Steilmann, who took the industry by surprise last year when he signed a contract with Karl Lagerfeld, star designer of Chanel and producer of his own collection for the Revillon group.

Says Ingrid Steilmann, in charge of the new KL label: "Our complete line for women offers haute couture quality at ready-to-wear prices. We have had an excellent first season."

strong points of the German fashion industry has always been its understanding of diversified manufacturing. That is to say, turning to countries where labor is less expensive. Practically 50 percent of German production is ensured abroad (Italy, Eastern Europe, Southeast Asia) and then resold in Germany, which accounts for their very competitive prices. In the case of the Fink group, the largest part of its successful Yarell collection

asked a reputable psychologist to undertake a careful study of French women's habits.

His mission? To walk around in all the French towns and bring back a detailed account of how French women dressed and where they bought their clothes. After 18

ha dotted socks were in fact only the icing on the cake. "We offer a big variety in our collections," says Zahm. "The value to price ratio is right, it's good fashion, sits well and we deliver on time."

—Mary Deschamps

FASHION FOR FIVE CONTINENTS



LILO Fink blundered into the fashion world "because my husband was there."

But when Hugo Fink died in 1975, his widow stayed in the fashion business, continuing and expanding the work her husband had launched and creating a mini-empire which today offers clothing for fat and thin, for rich and not-so-rich, although admittedly not for the very poor.

Based in Darmstadt, virtually midway between cosmopolitan Frankfurt and the famous university town of Heidelberg, the Fink Group, founded in 1946, sells its fashion products in the five continents of the world, with production centers both inside and outside Europe.

The group now produces 2,000 different models a year, launching four or five separate collections a year for each of the three main subsidiaries. Each year the race is on to discover the look next year's customers will be looking for.

The Fink flagship is the exclusive, expensive and up-market Louis Feraud, which competes with the major French fashion houses in providing ready-to-wear for the woman who has everything and wants a little bit more.

HRH Diana, Princess of Wales, sporting Mondri's red polka dotted socks (far left), coordinated styles for the young by Yarell of the Fink group (below left) and a dark brown, shimmering satin dress from Steilmann's KS collection (left).

The baby of the group is Yarell, offering knitwear and coordinates, while Fink Modelle, with a turnover of 235 million Deutsche marks a year, is the group's bread and butter, providing fashions at a lower price than the top-of-the-range Feraud and sold largely in the European countries.

One growth area at the moment is providing fashions "for the larger woman" in Mrs Fink's delicate phrasology, and the company caters to this group through its newish subsidiary, Lady F. "Fat people spend more money on fashion. They are more concerned about their appearance and want more clothes to wear," said Mrs. Fink.

Turnover for the group as a whole has reached DM 400 million a year, pushing the group into the top three firms on the West German fashion scene, say company staff. The firm employs 2,500 people, with 1,500 of these directly employed. "We've never made people redundant; we've more apprentices than before," said Mrs. Fink.

Despite the attraction of cheaper manufacturing centers outside the EC, including Hungary and Hong Kong, both of which already house Fink production works, Mrs. Fink remains determined to keep Germany as a manufacturing base.

"Made in Germany" has become something of a status symbol, a bit like a Mercedes," Lilo Fink says proudly. "Our costs here are high, but we can control everything very carefully and we are on the spot to talk to the producers."

—Jane Feinmann

CLOSE-UP



TODAY, with annual sales of 120 million Deutsche marks — of which 50 percent are exports — Jil Sander clothes and accessories are sold in 20 flagship boutiques and in more than 200 shops around the world.

"My motto is never to disguise women," says Sander, who has been the undisputed frontrunner of German fashion for the last 20 years. In 1968, when she opened her first small boutique in Hamburg-Pöseldorf, this savvy blonde wisp of a girl already had a solid fashion back-

and sureness in our design story," says Sander. "I always tried to reduce and reduce, to become stronger in details and to make it more and more clean. In the last two years, my fashion has become more feminine than ever before."

Sander spends a lot of time working on new fabrics. They are mainly chosen in Italy, where 80 percent of her production is ensured by 600 people working exclusively for the Jil Sander company.

A perfectionist at heart, Sander admits she can try out 200 shades of a certain color before deciding on a particular beige or apricot. This sense of perfection also applies to her carefully studied new cosmetic lines launched a year ago.

"I think it's important to follow new developments very carefully," says Jil Sander, whose turnover has shown a yearly increase of 35 percent. The next step? To further build up the foreign market.

—Mary Deschamps

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DESIGNER ACCESSORIES ADD EXCLUSIVE TOUCH

WHEN top designer Wolfgang Joop agreed earlier this year to work for German fashion tycoon Jochen and Uwe Holy, he joined forces with one of the greatest garment marketing duos in Europe.

With this duo on his side, Wolfgang Joop can concentrate on what he does best: designing clothes. And he can do so with the comfortable certainty that the marketing aspect of this operation is in competent hands.

In the increasingly competitive world of European fashion, where a sound marketing strategy is as important as a good eye for color and form, creative designers need a good business man — or woman — on their side. Germany's leading female designer Jil Sander combines the two; in her case the designer is also a tough business woman.

In addition to her clothes, Sander offers a complete line of cosmetic products ranging from skin care lotions for men and women to lipsticks, nail polish and perfumes. Last year cosmetics and accessories such as hand bags, shoes and belts accounted for 60 million Deutsche marks out of total worldwide sales of DM 140 million.

Almost all leading German fashion houses now offer varying ranges of cos-

metic products in addition to clothes. Wolfgang Joop has just introduced his second fragrance for women. Etienne Aigner, a Munich-based clothes and accessory firm, sells perfumes, sun and hair care products. Willy Bogner, a leading Munich-based sports and leisure clothes company, also sells cosmetics.

"Once you have established a name for yourself in the fashion world, it is not all that difficult to enter the cosmetic market," says Urs Pilz, sales manager at Willy Bogner. "People recognize the name and they buy the products."

Many German fashion houses cooperate with the Wiesbaden-based cosmetics firm Lancaster, a subsidiary of the British Beecham group. Lancaster has successfully launched the Joop fragrances and also markets Bogner's products.

The fact that more and more fashion houses now sell a whole range of products including cosmetics and accessories has caused problems for some traditional suppliers of men's and women's accessories. Etienne Aigner, which was an undisputed leader for many years, went through a rough spot for a while. Ten years ago a burgundy colored Aigner leather bag or belt with the company's little golden "A" on it was a carry-on status symbol. And an Aigner leather cover made even the cheapest plastic

cigarette lighter look stylish. But competition for expensive leather products from domestic and foreign firms has become much tougher in recent years and Aigner products have lost some of their prestige.

Today a well-dressed woman is more likely to drop a Jil Sander bag on the restaurant chair next to her. And a pair of Ray Ban sun glasses give many men and women that special "color touch." As trends change more quickly, many French and Italian accessory makers have also taken over larger shares of the German market. Louis Vuitton shops are cropping up all over Germany as the French bags, briefcases and suitcases are becoming new status symbols.

But French and Italian competitors are not safe for long, as new German accessory designers quickly catch up with trends. Munich-based designer Michael Cromer now offers a complete collection of blue-and-white as well as black women's bags and purses with his personal MCM logo on them. They look quite similar to the popular French and Italian models and are equally expensive. Says one marketing expert: "It may sound bizarre but in many cases it is the high price that gives a new product the special touch that people like."

—Sabine Krueger

TAILOR-MADE FOR THE MARKET

SK the woman on the street for the name of Europe's fashion capital and she will say Paris. On second thought she may add Milan and Rome to the list, but unless she has a particular preference for West German designer clothes, Hamburg, Düsseldorf and Munich are unlikely to be among the top three. While French and Italian designers have a reputation for being creative, imaginative, even daring, German garment makers have a serious image problem. Many people think German designer clothes must be like Mercedes cars: of good quality but not very exciting.

Top German designers like

Jil Sander and Wolfgang Joop have done their share to improve the image of German fashion over the last few years but, in terms of recognition, German garment makers have yet to catch up with their actual performance. It may come as a surprise, but West Germany is one of Europe's fashion industry leaders.

Last year only Italy outperformed West Germany in garment exports while France lagged behind. Germany exported clothing worth \$3.8 billion in 1987, Italy sold \$4.6 billion worth of clothes abroad, while France's exports amounted to only \$2.2 billion. Even Great Britain did better than France with exports totaling \$2.7 billion.

Most of Germany's apparel exports go to other European countries. The Netherlands, Austria, Belgium, Luxembourg and Switzerland are the biggest buyers. But France and Italy, Europe's traditional fashion countries, are also among the top ten importers of German clothes.

Jil Sander, Germany's top female fashion designer, sells roughly 50 percent of her annual production abroad. Italy is one of the biggest importers of Jil Sander clothes. "We had our first fashion show in Italy two and a half years ago in Milan and it was a great success," says Renate Janner, Jil Sander's public relations manager.

Unlike Jil Sander, who

markets her name and is successful abroad because of the distinct style of her garments, the Bochum-based Klaus Steilmann clothing company became the largest in Europe by selling simple, affordable clothes for the average woman. In 1987 some 30 percent of the group's total sales of DM 1.2 billion came from exports.

"We sell mostly clothes without labels to big department and fashion stores who put in their own labels," says Ulrich Klein, PR manager for Klaus Steilmann the company's owner. The clothes the Steilmann group makes appeal to a large number of women, they are well made, moderately priced, fashionable

but not too trendy. "The image of German clothes and fashion makers abroad is improving," Klein says. "Many importers especially like the good quality of German clothes; they don't fall apart after you've worn them three times."

But good quality and well-known brand names are not the only factors behind the German fashion industry's success at home and abroad. "Asian competition is tough," says one industry expert. "It is no longer true that most garments from Asia are of inferior quality. They have improved their production techniques." To keep up with competition from low-labor countries, the German clothing industry invests heavily in modern design and production technologies. Last year German garment makers invested a total of DM 360 million.

A large part of the money went into modern computer-assisted machines that help rationalize production and cut costs. Many garment makers have installed automatic cutting machines and most larger firms are also using computer-assisted design (CAD) systems to increase the flexibility and speed up the process of turning ideas into ready-to-wear clothes.

"Such CAD systems can be connected with the computer-controlled cutting machines and that will rationalize the whole design and production process," the industry expert says. "I think we will see a lot

MESSAGE IN A BOTTLE

FOUNDED in 1989, the West German perfume house of Eurocos is a babe in arms in the world of perfume makers in terms of age and worldly experience.

Yet by linking itself to German men's fashion designer Hugo Boss, the firm is set to become a boss in its own right, producing and marketing the Boss perfume line and moving aggressively into other markets.

Based on an industrial estate on the outskirts of Frankfurt, the fledgling firm has already boosted its turnover to nearly 70 million Deutsche marks.

As well as Boss, with its clean-cut, masculine image, the firm distributes perfumes of Italian designer Laura Biagiotti, with further expansion planned in this line.

Export sales account for DM 40.7 million. The company has set up subsidiaries in several other European countries to enable it to manage its sales outside the booming West German market. The masculine message from Boss.

In the perfume industry, the success of a particular product depends less on its price than on its image.

When the firm decided to launch its new Roma line from Laura Biagiotti, the package included designing a glass bottle resembling a Roman column, researching and producing the perfume itself and preparing a whole line of products to complement the perfume.

All this, of course, is before the product ever reaches the shelves. "The perfume itself resembles the spaces and perfumes used in the Roman times, we are confident that it will follow

on from our other successful lines," said Werner Hofmann, the managing director for the firm's international division.

Eurocos is closely linked to the older and larger cosmetics firm of Beiersdorf Cosmetics GmbH and Co, which shares its site and some of its personnel.

Founded in 1954, the company now has a range of some 600 different products, from lipstick to body oil and from anti-age cream to sun-tan lotion. The product range changes constantly to cater to new tastes, with marketers trying hard not to exceed the 60 item limit. "Sometimes we manage, sometimes we overshoot," conceded Mr. Hofmann.

The company employs 1,550 workers, with production concentrated in three plants at Dreieich near Frankfurt.

West Germany itself remains the largest single market, accounting for 155.8 million of the firm's 1987 turnover of DM 217.3 million, but the company is studying its way into other markets, changing the composition of about 80 percent of its products to comply with tough Japanese rules and regulations.

"It's not the export tariffs that are the problem in Japan, it's the fact that U.S. and European firms simply have a problem in meeting the strict Japanese import regulations," said Mr. Hofmann. "Japan is just one of about 40 export markets. There is hence competition throughout the world," said Mr. Hofmann. "Success is less linked with wage costs and price than with innovation."

—Jane Feinmann



of investment in this field in the next few years." In addition, companies are computerizing their administrative offices to speed up order processing and delivery, he says.

Many of the larger German garment makers have also shifted part of their production to cheap labor countries to cut costs and stay competitive. In most cases, readily cut

German producers it makes sense to shift that part of production to low-wage countries. Hugo Boss, Germany's largest maker of upmarket men's clothes, has shifted part of its production to Yugoslavia. The company, which is owned by two brothers, Jochen and Uwe Holy, posted worldwide sales of DM 520 million in 1987. Of total pro-



pieces of clothing are sent to countries like Yugoslavia, Portugal and Rumania, where they are sewn together and then shipped back to Germany. Sewing quality clothes is fairly labor-intensive and for

duction, 34 percent was sold abroad.

Boss is one of the companies that rely heavily on modern production and design technologies. The firm uses a CAD system on which design-

ers produce ready-for-cutting patterns.

In addition to selling good quality, German fashion companies are also known and valued for their punctual delivery. "Buyers abroad like the fact that German fashion houses are reliable," says Fidelius Graf von Rabenstein, head of the export marketing department at Mondri, another well-known German label. Last year, exports accounted for nearly 70 percent of Mondri's total sales of DM 420 million. Mondri, which is based near Munich, exports to more than 40 countries around the world. Inside Europe, Great Britain is the biggest importer of Mondri clothes.

Unlike many other German fashion houses which have only recently established themselves in the United States, Mondri entered the North American market more than eight years ago and now has more than 70 shops in the U.S. and Canada. "Women like our clothes because we sell complete outfits. At Mondri you can get everything that goes with a dress, from matching hat to matching shoes," says von Rabenstein.

Like many other large German fashion companies, Mondri also exports to the Far East. "It's a growing market," says von Rabenstein. The Japanese, for instance, are very label conscious. All things European — from Mercedes cars to French, Italian, and German designer clothes — are a great hit in Japan.

—Sabine Krueger

FINK FASHION GROUP



FINK MODEL

Louis Feraud PARIS

Yarell

Continued from Page 1

of art, cabaret and film on the Berlin scene gave an extra boost to the fashion bonanza, and the screen's leading stars — Marlene Dietrich, Lilian Harvey, Lil Dagover and Fritzi Massary — were also the mode salons' leading customers.

Skyrocketing inflation, however, brought the glory days to an impasse, and although the ensuing currency reform eased the situation (in 1927, apparel sales exceeded 1 million marks), the highpoint of the German fashion industry had already been passed. The following two decades, in fact, saw the virtual destruction of the Berlin-based German apparel trade, a branch of industry in which the city's Jewish population played a leading role. The anti-Jewish measures enforced by the National Socialists in the 1930s affected more than half of Berlin's apparel businesses. World War II laid the final blows. In 1945, Hausvogteiplatz, and with it the German ready-to-wear industry, was but a mass of ashes and ruins.

A few industry survivors, however, attempted to reestablish themselves (largely as rag or junk dealers) in the years immediately following the war, and soon there were 150 apparel businesses and uncounted clothing-home workers functioning in Berlin. The

Berlin Blockade of 1948, however, quashed these budding enterprises, and during this year in which Berlin was essentially cut off from the world, new ready-to-wear companies were founded throughout West Germany.

It has often been said that in Germany today, fashion and clothing are one and the same thing, and the country's rather pragmatic approach to matters of style perhaps owes something to the hard task of rebuilding during the postwar years. For as Klaus Steilmann, West Germany and in fact Europe's largest apparel manufacturer, commented, "After the war, when people had nothing to wear, the industry concentrated on COVERING people."

Fashion gains were nonetheless made. In 1949, Igodo, the Düsseldorf ready-to-wear fair, was founded, offering a market center for Germany's newly established clothing makers. And while Berlin was no longer the undisputed fashion capital, a lively couture community, peopled by designers such as Uli Richter, Gerd Seabe, Hans Seger, Hermann Schwichtenberg, Detlev Albers, Heinz Oestergard and Günter Brods flourished in international attention in the 1950s. A new Berlin garment center took shape and the Zoo-Center was opened in 1957, housing only a small segment of the city's now 450

operating apparel businesses. The building of the Berlin Wall, however, dashed any further hopes of Berlin's resuming its fashion leadership, and to this day, the German apparel industry is hampered by lack of a capital.

Berlin's traumas notwithstanding, German ready-to-wear thrived in the mid-1960s, and in 1966, there were 5,600 firms employing 406,000 workers operating throughout the country. It took somewhat longer, however, for fashion considerations to come to the fore, and it wasn't until the late '70s and far into the '80s that a new crop of homegrown designers and high-fashion manufacturers began actively competing for the attentions of a generally French or Italian designer-clad clientele.

But as Germany's designer ranks began to swell, the manufacturing sector began to thin, and there was an alarming rate of plant closures in the early 1980s. In 1981/82 alone, industry figures state 400 companies employing over 40,000 workers closed. The blame was laid on sharp wage increases and unexpected shifts in consumer buying habits.

As can be seen from earlier events, however, Germany's apparel entrepreneurs respond well to a challenge. Employing the most modern technological tools available, aggres-

sive but soundly planned marketing strategies and an increased emphasis on flexibility, the German manufacturing community has progressed steadily to its position of competitive strength today. And in spite of new obstacles, such as the Deutsche mark's appreciation against most other foreign currencies, the German apparel industry today encompasses 2,286 firms with a workforce of 177,464 (the women's apparel industry is comprised of 1,181 firms employing 81,469).

"It all started with German national characteristics: reliability, punctuality and quality," Klaus Steilmann declared, a legacy which (in apparel terms) one suspects stems from the industry's infancy, when in supplying the uniforms for the Prussian army, the Berlin tailors set the standard for precise workmanship and punctual deliveries. Moreover, Steilmann added, "Made in Germany meant — and means — something in industrial terms. We have a system of industrial apprenticeship. It takes three years for our employees to learn their trade and so the quality of German labor is very high. Quality and reliability were the main reasons to buy German ready-to-wear in the '60s, but as the industry developed," he concluded, "fashion entered into it more and more."

—Melissa Drier

Handwritten signature or mark.

THURSDAY, AUGUST 25, 1988

INTERNATIONAL MANAGER

In U.K., More Employers Pitching In for Child Care

By SHERRY BUCHANAN

LONDON — Kieren will be 2 years old in October. But he already commutes on weekdays to the City of London. He and his parents drive from their house in London to the financial district, where his parents work and where school buses are no older than 3 months.

CityChild, which opened in January, is one of a small but growing number of nursery schools in Britain that are subsidized by parents' employers. Toddlers whose parents work for Merrill Lynch & Co. have priority for admission to CityChild and, for its monthly fee of £276 (\$460) per child.

The nursery was not the outcome of corporate largesse. It owes its existence to the socially minded local authority of Islington, a London borough, who gave planning permission for Merrill Lynch's new European headquarters there only on the condition that the developers included a nursery in the deal.

Firms see the benefits of helping their employees with child care.

The general attitude in Britain, however, is that only mothers should look after babies. But some British companies with high percentages of women in clerical, secretarial and managerial positions are beginning to believe that providing some kind of child-care benefits for employees is in their interest as well.

"We want to retain the skills of women we have trained," said Andrew Burke, personnel director of the financial services company London & Manchester Group, which opened a nursery in 1978 when it moved its headquarters from London to Exeter.

"Although it is the right of women who have just had babies to return to work, in many cases, there was no practical solution for child care so they wouldn't return. We are not a philanthropy, and the nursery does show up as a cost. But you have to believe that the benefit is in engendering goodwill and retaining people."

"The choice should be there, relatively easily, without all sorts of guilt," said Jonathan Thind, a Merrill Lynch executive whose son attends CityChild. "I have invested many years of my life in the firm and the firm has invested a lot in me. It would not make commercial sense for them not to make that investment in child care. A woman shouldn't have to agonize about whether or not she has to quit her job just because she has had a baby."

Beatrice Chief Expected to Resurface as Raider

Donald P. Kelly's Profitable Career

Aug. 8, 1977: Kelly is named chief executive of Esmark. July 27, 1980: Esmark wins takeover battle for Heston Gilson Inc., whose \$2.15-billion assets include Avis car rental, MacFactor, Hunt-Wesson foods and Somerset whiskey distributor. May 6, 1984: Esmark agrees to \$2.4 billion takeover by Kohlberg, Kravis, Roberts & Co., to be headed by Kelly. May 25, 1984: Beatrice Foods agrees to buy Esmark Inc. for \$2.8 billion. Kelly makes an estimated \$15 million to \$20 million from the deal.



when he was barely a teen-ager. After a navy stint as a torpedo man, he became known as a quick decision maker as he worked his way up the corporate ladder at Swift & Co. While traveling the country as many as 50 weeks a year for Swift, he built relationships with workers over countless beers and cups of coffee.

Dollar Declines As International Pressure Grows

Compiled by Our Staff From Dispatches

NEW YORK — The dollar fell Wednesday after central banks intervened against it for a third consecutive session.

The central banks were very persistent and became more aggressive today, said Samuel Lek of Bear, Stearns & Co. The intervention was led by West Germany's Bundesbank, which sold dollars at around 1.88 Deutsche marks.

The dollar tried to rally but never could sustain it, said Tim Scala, treasury manager at Manufacturers and Traders Trust. The dollar fell to 1.8825 DM at the close, from Tuesday's 1.9115, and to 133.85 yen from 134.10. Against the Swiss franc, the U.S. currency dipped to 1.5855 from Tuesday's 1.6090, while it eased to 6.3955 French francs from 6.4840.

The timing of the article and the intervention made the central banks' action doubly effective, some dealers said. The official said that he welcomed signs Tuesday that market pressure behind the dollar's recent rise might be subsiding. His remarks suggested that major government policy toward the dollar appeared to have shifted somewhat recently from toleration of a slight rise, the newspaper reported.

Quarterly Figures Show Biggest U.S. Trade Gain in 3 Years

Compiled by Our Staff From Dispatches

WASHINGTON — The U.S. trade deficit fell by 14.9 percent to \$29.94 billion from April through June, the biggest improvement in more than three years, the Commerce Department reported Wednesday.

The new figures confirmed an improvement that already had surfaced in the department's monthly merchandise trade reports.

The earlier figures showed a 12.8 percent drop in the deficit to \$32.6 billion in the second quarter, compared with \$37.4 billion in the first quarter.

The world economy is just not growing that fast.

U.S. exports rose \$4.37 billion to a record \$79.67 billion in the second quarter.

Sales of both farm and nonfarm products rose during the quarter as the decline in the value of the dollar continued to make U.S. goods competitive again on foreign markets.

Agricultural exports rose 7 percent to \$9.7 billion, the highest level since the second quarter of 1984, reflecting in part a jump in prices.

Wheat sales were up 10 percent due to an increase in sales to China, while meat and poultry shipments rose 28 percent, largely due to an increase in sales to Japan.

Currency Rates

Table with columns for Currency, Par \$, and various exchange rates for major currencies like British Pound, Swiss Franc, etc.

Other Dollar Values: A table listing values for various currencies like Australian Dollar, Canadian Dollar, etc.

Forward Rates: A table showing forward rates for various currencies over different periods.

Interest Rates

Table showing Eurocurrency Deposits for various currencies and terms.

Table showing Key Money Rates for various currencies and terms.

Table showing Asian Dollar Deposits for various currencies and terms.

Table showing U.S. Money Market Yields for various instruments.

Table showing Gold prices for various locations and terms.

VW Sets New Venture In China

WOLFSBURG, West Germany — Volkswagen AG, in a major expansion of its presence in China, said Wednesday that it had signed a memorandum of understanding with the Chinese automaker First Automobile Works permitting Audi 100 cars to be made in China under license for domestic and export markets.

VW said it also planned to construct a big car factory with First Automobile in the northern city of Changchun, an important automobile center in China. That factory in Changchun aims to reach annual production of 150,000 cars by 1996.

The joint venture, in which the German company would have a minority stake, is part of VW's efforts to build up a competitive position in the growing Southeast Asian market.

Other major automakers, including Chrysler Corp. and General Motors Corp., have entered into agreements with the hope of penetrating the potentially lucrative Chinese market.

But joint ventures, such as the Jeep Cherokee plant in Beijing and Volkswagen's existing venture in Shanghai, have run into major problems with production and management of foreign currency.

VW's 50 percent-owned Shanghai-Volkswagen Automotive Co. has built 32,000 VW Santanas since 1985.

A VW company statement said that under Wednesday's memorandum, Audi 100s would be made under license in Changchun, with annual output reaching 30,000 cars by 1992. VW would supply the know-how, tools and some car parts, though parts made in China would also be used.

The West German company said it had received Chinese approval for the project and that cooperation, in the form of three contracts covering production of the Audi 100, delivery of necessary tools and supplies and delivery of parts for local assembly, had begun in mid-August.

These three contracts formed the first stage of what it called a major project. Substantive negotiations on the second stage are to be held in the autumn and are to focus on the details of the joint venture, VW said.

It said that under the deal, 500 finished Audi 100s would initially be shipped to China to be used as spare parts.

Safety Measures Increased For U.K. North Sea Fields

LONDON — Britain is to tighten offshore oil field safety measures following explosions last month on a North Sea platform that killed 17 men, the Department of Energy said Wednesday.

Separately, the department said it has temporarily halted approval of North Sea oil and gas development projects pending clarification of the causes of the Piper Alpha platform blast last month. A spokesman said that the department is continuing to process applications "but we are not granting them at the moment."

The ministry is asking all North Sea offshore operators to present plans for emergency shut-off valves on underwater gas and oil pipelines, a spokesman said.

"Out of this disaster will come lessons which will have been learned," Peter Morrison, minister of state for energy, said. "The protection of lives is paramount."

Explosions and fire destroyed the Piper Alpha platform operated by Los Angeles-based Occidental Petroleum Corp. on July 6. It was the worst offshore oil disaster on record.

Many industry experts believe gas escaped from a pipeline leading to shore, fueling the blaze after the first explosion at a gas compressor unit.

Meanwhile, so-called Annex B development approvals will be resumed "as soon as is practicable," the department spokesman said, adding that this was likely after the preliminary investigation into Piper Alpha has been completed, "which is about four weeks away."

About 12 development projects are currently being considered for approval, the department spokesman said. British Petroleum Co.'s Miller Field development is the closest to approval, he added.

British Group Urges a Tax Increase

LONDON — A major independent research institute on Wednesday urged Prime Minister Margaret Thatcher's government to raise taxes to cool a consumer spending boom that is helping to fuel inflation and widen Britain's trade deficit.

The Conservative government's present strategy of raising interest rates would dampen key investment and would have only a limited impact on inflation, the London-based National Institute of Economic and Social Research said in its quarterly review.

"The appropriate way of moderating the growth of consumer spending is not, in our view, to raise interest rates or limit the availability of credit, but to raise taxes," it said.

Its advice echoed a report from the Organization of Economic Co-operation and Development a week ago. The OECD suggested that a shift to higher taxes ought to be needed in Britain's 1989 budget to rein in consumer spending.

The government has tried to fight inflation — now running at an annual rate of 4.8 percent and well ahead of an official year-end target of 4 percent — by raising interest rates.

The Bank of England has engineered sharp increases in bank base lending rates since early June, raising them from 7.5 percent to 11 percent.

Buoyant consumer demand has sucked in imports of foreign goods, creating a current account deficit already well above the £4 billion (£6.7 billion) shortfall forecast for the year.

The National Institute of Economic and Social Research recommended a rise in indirect taxes, such as raising employees' National Insurance, or social security, contributions. But direct taxes, such as a value-added tax on consumer goods, might add to inflationary pressure, it said.

Many economists believe that the chancellor of the exchequer, Nigel Lawson, is unlikely to reverse a long-running campaign to cut taxes.

Britain's top rate of income tax stands at 40 percent, down from more than 90 percent when Mrs Thatcher came to power in 1979.

The research institute said it expected Britain's balance of payments to be in deficit by £11.2 billion this year, widening to £13.4 billion in 1989.

The institute expects inflation to peak at 6 percent next summer before falling gradually.

The British government is to report balance of payments data for July on Thursday, and forecasts for the current account for the month are for a deficit of about £950 million. The current account is a broad measure of trade that includes trade in goods and in services such as banking and insurance.

On Tuesday, the government revised the 1987 current account deficit sharply upwards to £2.5 billion, from £1.6 billion.

Grand Met Buys 4.5% of Irish Target

Compiled by Our Staff From Dispatches

LONDON — Grand Metropolitan PLC, which is pressing a hostile bid for Irish Distillers Group PLC, on Tuesday said it has purchased 4.5 percent of the whiskey maker's stock.

A battle appeared to be developing for Irish Distillers as Pernod-Ricard SA, the big French beverages company, announced that it had been buying shares in the group. Pernod had earlier denied reports that it was doing so.

The Grand Metropolitan stake, bought on the markets in London and Dublin Tuesday, cost the diversified British hotel company an estimated \$9.5 million (\$16 million). Through a revamped unit, Grand Metropolitan is offering 253 million Irish punt (\$356.7 million) for Irish.

Separately, Pernod said that it has held talks with Irish Distillers following the formal rejection by Irish of the 400 Irish pence per share offer from Grand Metropolitan. Pernod said it holds a stake in Irish that is not currently discloseable.

Under British disclosure rules, any group must disclose a holding of 5 percent or more in a company. The announcement by Pernod, itself thought recently to be a takeover target, follows a denial Monday by a company spokesman that it planned to launch a competing bid for Irish Distillers. On Tuesday, a Pernod spokesman had said, "We hold no stake and have no intention of acquiring one" in Irish.

Grand Metropolitan said that the shares it bought in Irish were purchased on its behalf by Riada & Co. in Dublin and Casmov & Co. in London.

The new offer compares with a previous 315 Irish pence per share offer by GC&C, prior to a restructuring in which Grand Metropolitan's former partners, Allied-Lyons PLC, the British food and drinks company, and Guinness PLC, the Anglo-Irish brewery concern, sold their stakes to a Grand Metropolitan unit, Gilbeys of Ireland Group PLC.

their stakes to a Grand Metropolitan unit, Gilbeys of Ireland Group PLC.

The move followed a recent European Commission ruling that blocked the earlier GC&C consortium bid and a ruling by Britain's Panel on Takeovers and Mergers that Grand Metropolitan was free to proceed with an independent bid through a wholly owned GC&C.

FII Fyffes PLC, which holds about 20 percent of Irish Distillers, had agreed to accept the original GC&C consortium bid. But as part of the EC and takeover panel rulings, the commitment of FII Fyffes was relaxed to allow it to accept competing offers. (Reuters, AP)

Advertisement for Falcon-900 executive jet, highlighting its speed and service.

Advertisement for the Council of Europe Resettlement Fund for National Refugees and Over-population in Europe, including details on ECU 30,000,000 13 1/4% 1982-1992.

Wednesdays NYSE Closing

Tables include the nationwide prices on to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High Low Stock Div. Yld. PE 52 Week High Low Close Chg.

Table with columns: Stock, Div., Yld., PE, 52 Week High, Low, Close, Chg.

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U.S. Futures Via The Associated Press

Aug. 24

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

Grains

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

COFFEES

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

SOYBEANS

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

SOYBEAN MEALS

Table with columns: Season High, Season Low, Open, High, Low, Close, Chg.

SOYBEAN OIL

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Harcourt to Cut Theme Park Jobs

ORLANDO, Fla. — Harcourt Brace Jovanovich Inc. is eliminating more than 700 jobs at its theme parks, a cost-cutting measure to meet a \$2.9 billion debt incurred last year in fighting a hostile takeover bid.

Unfortunately, this is the normal type of belt-tightening that companies go through periodically, said Robert Evanson, who was named chairman of Harcourt's parks division on Monday.

"Our intention is that obviously this will not affect the quality of the park product or the care of the animals and should not even be perceptible to the guests," he said. He declined to specify how much money the reduced payroll would save the company.

The layoffs, announced Tuesday and to be completed no later than Sept. 6, include the loss of 215 jobs at Sea World of Texas in San Antonio, the newest of the Harcourt theme parks, and 150 jobs at Sea World of California in San Diego.

NYSE Highs-Lows

Table with columns: Stock, High, Low, Change.

AMEN Highs-Lows

Table with columns: Stock, High, Low, Change.

Taiwan Investors to Get Foreign-Market Access

TAIPEI — Kuang Hua Security Investment & Trust Co. of Taiwan said Wednesday that it will launch a \$400 million mutual fund next month to help Taiwan citizens buy overseas securities.

Paris Commodities

Table with columns: Commodity, Price, Change.

London Metals

Table with columns: Metal, Price, Change.

S&P 100 Index Options

Table with columns: Option, Price, Change.

London Commodities

Table with columns: Commodity, Price, Change.

Dividends

Table with columns: Company, Dividend, Yield.

Company Results

Table with columns: Company, Revenue, Profit.

U.S. Treasuries

Table with columns: Treasury, Yield, Price.

Spot Commodities

Table with columns: Commodity, Price, Change.

To Our Readers

Deutsche mark futures option prices were not available in this edition because of transmission delays.

UAL Sees Profit Of \$10 a Share

CHICAGO — UAL Corp., parent of United Airlines, will earn about \$10 a share in 1988, Stephen Wolf, the chairman and chief executive officer, said Wednesday.

Mr. Wolf, estimated in an interview if analysts' estimates of \$10 a share this year are on the mark, said: "That figure for 1988 is not unreasonable."

Handwritten signature: Jpyi coisid

BUSINESS ROUNDUP

Sony's Profit Leaps Almost 400%

TOKYO — Sony Corp., the Japanese electronics major, Wednesday reported an increase in net profit of almost 400 percent for the quarter ended June 30, to 16.1 billion yen (\$120.2 million) from 3.25 billion yen in the same period a year earlier.

when the strong yen undercut profitability, industry analysts said. Since then, Sony, like many Japanese exporters, has cut costs and enhanced its profitability by shifting production overseas.

Honda's Profit Rose In June Quarter

TOKYO — Honda Motor Co. of Japan on Wednesday reported a 42.24 billion yen (\$315.4 million) net profit for the quarter ended June 30, up 24 percent from an approximated year-earlier quarter. Honda has changed its fiscal year to run through March instead of February.

an earlier forecast of 50 billion yen, a company spokesman said. Sony forecast sales for the year at 2 trillion yen, against an earlier estimate of 1.95 trillion yen.

Separately, Sunao Hashimoto, Sony's managing director, said that the company revised capital spending to 160 billion yen for the year ending next March, up from the previously planned 150 billion and against 100 billion a year earlier.

On the Tokyo Stock Exchange, Sony slipped 110 yen to close at 6,800 yen on Wednesday.

U.S. to Pay \$565 Million To Bail Out Bell Savings

LOS ANGELES — The Federal Home Loan Bank Board is set to provide \$565 million in financial assistance to an investment group, headed by a former president of the bank board, Preston Martin, and a former secretary of the U.S. Treasury, William E. Simon, that intends to acquire and merge two California savings institutions.



William E. Simon



Preston Martin

Under the agreement, reached Tuesday, Bell Savings & Loan Association, an insolvent institution based in San Mateo that has assets of \$935 million, would be merged with the healthy Western Federal Savings & Loan Association, based in Marina del Rey. It has assets of \$2.5 billion.

of his funds into acquisitions. Critics in the industry also have contended that Mr. Simon and Mr. Martin, in building their growing network of thrifts, have received preferential treatment from government agencies.

DP Holdings, an insolvent institution based in San Mateo that has assets of \$935 million, would be merged with the healthy Western Federal Savings & Loan Association, based in Marina del Rey. It has assets of \$2.5 billion.

80 percent-20 percent basis, any losses on certain assets until DP Holdings absorbs \$35 million. Thereafter, the FSLIC will provide 100 percent coverage on those assets and will receive 80 percent of certain gains from the sale of covered assets.

DP Holdings agreed last August to buy Western Federal. But completion of the deal was postponed when the group had to revise its financing because of the weakened financial condition of an Australian partner.

Electrolux Makes Bid, Reports Profit Rise

STOCKHOLM — Electrolux AB said Wednesday it would attempt to buy a Spanish compressor company as part of its expansion policy, which it said helped boost its first-half profit by 20.7 percent from the level last year.

Italy, purchased in 1984, and White Consolidated Industries Inc. of the United States, bought in 1986. The policy led to an 18 percent increase in profit in 1987, which rose to more than 3 billion kroner. And for the first half of 1988, the 20.7 percent profit increase was near the high end of analysts' forecasts.

DP Holdings hopes to raise much of its \$207.5 million investment in the public markets, according to a filing with the Securities and Exchange Commission. It said \$145 million would be used to buy out Western Federal's shareholders at \$41 a share.

European Unions Assail GM

GENEVA — Unions representing 120,000 General Motors Corp. workers in Europe criticized the U.S. automaker on Wednesday for moving toward longer shifts and weekend and night work.

The British conglomerate's chairman, Lord Hanson, said that growth in the first half, for which it previously reported an earnings increase of 14 percent, to \$256 million, had continued into the third quarter, with good performances from businesses in both Britain and the United States.

profit rising rising to \$466 million from \$394 and sales rising to \$5.7 billion from \$4.93 billion. Hanson does not provide sector details with its first and third quarter results, but said Paul Burke, an analyst with the brokerage Kleinfelder Grievson, "The suggestion is that things are going quite smoothly, especially at Kidde."

Hanson's Earnings Rose 22% in Quarter

LONDON — Hanson PLC said Wednesday that its pretax profit had risen to £249 million (\$418 million) in the third quarter, which ended June 30, a jump of 21.5 percent from a year-earlier period of £205 million.

Hanson announced Tuesday that it had sold its U.S.-based maker of fire detection and suppression systems, Kidde Fire Protection, to Pilgrim House, the British electronics group, for \$254 million in cash. It was Hanson's largest divestiture of a Kidde unit, bringing the total to about \$362 million from the New Jersey-based corporation acquired last year for \$1.6 billion.

profit rising rising to \$466 million from \$394 and sales rising to \$5.7 billion from \$4.93 billion. Hanson does not provide sector details with its first and third quarter results, but said Paul Burke, an analyst with the brokerage Kleinfelder Grievson, "The suggestion is that things are going quite smoothly, especially at Kidde."

Ruling by Fed on IRI Reverses Volcker Position

By Sarah Bartlett New York Times Service NEW YORK — In deciding to change how it treats foreign governmental entities that seek to acquire banks in the United States, the Federal Reserve Board has reversed the stand taken in a strongly worded 1983 memorandum that Paul A. Volcker, then its chairman, sent to Congress.

Finsider to Auction Plants

ROME — The Italian steel company Societa Finanziaria Siderurgica, which is known as Finsider and is 99.5 percent-owned by the state holding group Istituto per la Ricostruzione Industriale, is to put five of its steel plants up for auction, the company announced Wednesday.

sharp's U.S. Unit to Export Microwave Ovens to Europe NEW YORK — Sharp Corp., the Japanese electrical and electronics company, said Wednesday that it would this week begin exporting microwave ovens made by its U.S. subsidiary to 11 European countries.

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Subscription table with columns for Country/Currency, 12 months + 52 ISSUES SAVINGS %, 6 months + 26 ISSUES SAVINGS %, 3 months + 13 ISSUES SAVINGS %. Includes Republic Clearing Corporation logo and contact information.

Tokyo Pacific Holdings N.V.

Weekly net asset value on 21-8-1988 U.S. \$219.12 Listed on the Amsterdam Stock Exchange

Europe Growth Fund

Weekly net asset value on 19-8-1988 D.R. 46.99 Listed on the Amsterdam Stock Exchange

Asia Pacific Growth Fund

Weekly net asset value on 19-8-1988 U.S. \$27.61 Listed on the Amsterdam Stock Exchange

Republic Clearing Corporation logo and contact information for Futures & Options.

Tokyo Pacific Holdings N.V. contact information and website details.

Europe Growth Fund contact information and website details.

Asia Pacific Growth Fund contact information and website details.

Republic Clearing Corporation contact information and website details.

International Herald Tribune subscription form with fields for name, address, city, and payment method.

Wednesdays AMEX Closing Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Table A: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table B: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

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Table G: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table H: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

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Table J: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table K: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table L: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table M: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

Table N: 12 Month High/Low Stock Div. Yld. PE. Lists various stocks like ABL, AIG, ALC, etc.

INTERNATIONAL FUNDS (Quotations by Funds Listed) August 24, 1988

Table of International Funds with columns for Fund Name, Share Price, and other details.

Floating-Rate Notes

Table of Floating-Rate Notes with columns for Issuer, Maturity, and Rate.

Dollars

Table of Dollar-denominated financial instruments.

Pounds Sterling

Table of Pound Sterling-denominated financial instruments.

Deutsche Marks

Table of Deutsche Mark-denominated financial instruments.

AS - Australia Dollars; BF - Belgium Francs; CA - Canadian Dollars; DM - Deutsche Marks; ECU - European Currency Unit; FF - French Francs; FL - Dutch Florin; L - Italian Lira; ...

CURRENCY MARK

DOLLAR: Inter (Continued from first finance page) ... operators said. Some read it as a signal of the Bank of Japan's ...

Tighter Quota

KUALA LUMPUR, Malaysia - ... KUALA LUMPUR, Malaysia - ...

Wednesdays OTC Prices NASDAQ prices as of 4 p.m. New York

Table of OTC Prices with columns for Stock Name, Price, and other details.

\$1.4 Billion IMF Loan To Brazil Is Approved

WASHINGTON - The International Monetary Fund said on Wednesday that it has approved a \$1.4 billion loan to assist economic reform in Brazil.

Table of Japanese Yen-denominated financial instruments.

ECU

Table of ECU-denominated financial instruments.

Handwritten text in Arabic script: هكذا من العمل

CURRENCY MARKETS

DOLLAR: Intervention Pressure

(Continued from first finance page) was under way to stem the dollar's rally, operators said. Some read it as a signal of the Bank of Japan's concern after the dollar made a solid break above 134 yen.

ment of the mark having some impact on the yen. Asked about the recent discount rate rise in the United States, Mr. Sumita said he saw it as an appropriate precaution against any possible resurgence of inflation and for ensuring sustained economic growth.

At his first press conference in about a month, Mr. Sumita said that the mark's softness has been mainly the result of market speculation, adding that the Bank of Japan is closely watching the mark and he could not rule out the move-

ment of the mark having some impact on the yen. Asked about the recent discount rate rise in the United States, Mr. Sumita said he saw it as an appropriate precaution against any possible resurgence of inflation and for ensuring sustained economic growth.

London Dollar Rates table with columns for Currencies, Bid, and Offer.

if it was becoming effective," said a London dealer. "It is bringing out a few sellers."

Added another London market operator, "It has put a cap on the dollar around 1.9050 DM for the time being."

RATES: Bundesbank Faces a Decision on Whether to Raise Its Key Lending Rates

(Continued from Page 1) official in Washington. The official, who asked not to be identified, said the Reagan administration believes a further rise of the dollar could be troublesome and therefore prefers a stretch of stability.

The official said in an interview with The New York Times that market pressures behind the dollar's recent rise might be subsiding. He was referring to fresh economic data indicating that U.S. consumer prices rose a mild 0.4 percent in July while orders for durable goods dropped sharply.

Other factors that were supporting the dollar and weakening the mark have changed. "The rise of the dollar, yen and pound sterling against the mark are not going to last forever," Mr. Wermuth said.

The dollar has gained 20 percent against the mark since the beginning of the year, while the yen and pound each have appreciated by 9 percent against the mark.

will draw support from the report. Tuesday that West Germany's trade surplus surged to a monthly record of 14.2 billion DM in June from 10.3 billion DM in May and 8.3 billion DM a year earlier.

Tighter Quotas and Renewed Demand Return Some Luster to Tin Price

Compiled by Our Staff From Dispatches KUALA LUMPUR, Malaysia — Tin is at last struggling off the effects of a crash nearly three years ago to shine once more on commodity markets, buoyed by strict supply quotas and renewed world demand.

Since April, when prices fell to \$3,625 per ton, their lowest level on the European market in two years, tin prices have risen 22 percent.

halved when the council was no longer able to buy the metal at artificially high prices. The latest increase was largely due to a supply control plan established last year by the Association of Tin Producing Countries, traders in London and Kuala Lumpur said.

Mr. Redzwan said world tin consumption in 1988 is forecast to remain at last year's level of 180,000 tons. World production reached 157,000 tons in 1987.

Mr. Redzwan said the recent recovery also was due to higher demand for the metal, particularly by canners who are switching back to tin because of higher aluminum prices.

Big U.S.-Soviet Grain Pact Expected

WASHINGTON — The United States and the Soviet Union will soon conclude a huge grain agreement under which the Soviets will buy millions of tons of wheat, corn, soybeans and soybean meal, administration officials said Wednesday.

Officials at the Departments of State and Agriculture said the outline of the accord had been negotiated in three sessions over the last four months and the final details would be worked out next month.

Under the agreement, the Soviets would buy at least 9 million metric tons of American wheat, corn and soybeans each year for at least five years, and they will be allowed to come as much as Mikhail S. Gorbachev, the Soviet leader, is sounding alarms about agriculture.

Wednesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list compiled by the A.P. consists of the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including AM, AMR, AIG, etc.

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Wednesday's AMEX Closing. Tables include the afternoon prices up to the closing on Wall Street and do not reflect late trades elsewhere.

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SPORTS

Cone, Backman Shine as Mets Beat Dodgers Again

Compiled by Our Staff From Dispatches
LOS ANGELES — Against the team they might face for the National League pennant, the New York Mets raised their performance to postseason intensity Tuesday night.

David Cone allowed one run over 7 1/2 innings and Wally Backman drove in two runs, leading the Mets to their second straight victory over the Dodgers, 5-1.

In their last two series against Pittsburgh, which it leads by 4 1/2 games in the Eastern Division, New York has won three games; in eight games against Los Angeles this season, the Mets have won seven.

Right-hander Cone, acquired last year from Kansas City, improved to 13-3 with a nine-hit, six-strikeout, no-walk performance. "It'd be lying if I said I wasn't surprised at my record," he said.

Ramon Martinez lost his first decision in his third major-league start, but the Dodgers remained 4 1/2 games ahead of Houston and San Francisco in the Western Division.

Pirates 2, Reds 0: In Pittsburgh, Andy Van Slyke's two-run home run in the seventh ended the Pirates' 25-inning scoring drought.

BASEBALL ROUNDUP

Cardinals 7, Braves 0: In St. Louis, Tom Brumansky drove in three runs and Bob Forsch recorded his first complete game and first shutout of the year.

Espos 2, Giants 1: In San Francisco, Hubie Brooks singled home Rex Hudler from third base with two out in the 13th, snapping Montreal's nine-game losing streak.

Cubs 9, Astros 3: In Chicago, Damon Berryhill's two-run homer and Vance Law's two-run single highlighted a seven-run seventh, the biggest this season for the Cubs.

Padres 9, Phillies 1: In San Diego, Carmelo Martinez hit two two-run homers and Ed Whitson struck out seven in registering his first complete game since July 26, 1987.

Twins 7, Tigers 5: In the American League, in Minneapolis, Kent Hrbek's second home run of the game, a two-run shot in

the 10th, gave Minnesota its 10th straight victory over Detroit. Red Sox 10, Angels 2: In Boston, homers by Jim Rice, Rich Gedman and Todd Benizinger powered the Red Sox; Mike Greenwell drove in his major league-leading 100th run and Wade Boggs, with three hits, raised his average to .359, tops in the majors.

Yankees 5, Athletics 4: In New York, Don Mattingly delivered a run-scoring single with one out in the ninth, his first game-winning RBI since July 31.

Royals 11, Rangers 7: In Arlington, Texas, six walks (against four pitchers), four hits and a wild pitch produced Kansas City's eight-run ninth.

Blue Jays 7, White Sox 2: In Toronto, Jesse Barfield's run-scoring single (for his 500th RBI lifetime) broke a 1-1 tie in the second, and he added a two-run homer in the eighth to seal Chicago's sixth straight defeat.

Indians 6, Brewers 2: In Milwaukee, Joe Carter doubled twice and Rich Yett pitched five-hit ball for seven innings to help Cleveland end a three-game skid. (UPI, AP)

Greenwell Challenges Mattingly

New York Times Service

NEW YORK — Don Mattingly has been widely considered the best hitter in baseball the past few years, but these days he's facing a challenge from a player whose production in his brief major league career makes him look remarkably like — Don Mattingly.

Mike Greenwell, the left fielder for the Boston Red Sox and in only his second year in the majors, is having a better season than Mattingly, the New York Yankee first baseman.

On Tuesday night against California, Greenwell, a left-handed hitter, drove in his major league-best 100th run of the season; he is also batting .342, with 155 hits, 33 doubles and six triples — third in the American League in all four categories. Mattingly, who's batting .315, isn't among the league's top 10 in any other offensive category.

Last year, Greenwell played approximately three-fourths of the time. To be diplomatic as well as respectful for past services, the Red Sox had to wait until Jim Rice failed again early this season before making Greenwell the everyday left



Mike Greenwell of the Red Sox: "In spring training, people talked about the sophomore jinx. ... there's no such thing as a sophomore jinx."

fielder — only the fourth in Boston in half a century (following Ted Williams, Carl Yastrzemski, and Rice). They also waited until mid-June to make him the cleanup hitter, something Mattingly is not with the Yankees.

Mattingly called Greenwell "a young me" and said: "He's probably the most dangerous guy ever there who can hurt you. To me, if the game's on the line, you're a lot more willing to go after [Wade] Boggs than Greenwell. You have to pitch him very carefully. With Boggs, you're not quite as afraid.

You have a better chance of keeping Boggs in the ballpark. Boggs can hit it out, but you don't have that fear that you have with Greenwell."

One aspect of Greenwell's hitting ability that particularly impresses Mattingly is that "he doesn't pull off left-handers."

Amateurs: In the Cards, Inevitably

New York Times Service

NEW YORK — Given the growing popularity of baseball cards on the major and minor league levels, it was probably inevitable that the craze would spread to the amateur level. And when it did, one logical source was the Cape Cod League.

This season, for the first time, two separate companies have been marketing cards of the collegians who play on the 10 teams in the 106-year-old New England circuit, long regarded as the premier summer amateur league.

Drawing leading college players from around the country, the league has sent more than 100 players to the majors, including Will Clark, Carlton Fisk, Thurman Munson, Charlie Hough, Cory Snyder, John Tudor, Ron Darling and Mike Pagliaro.

As with major league players, the value of a particular card on the Cape circuit depends on a player's performance. For example, the card of Jim Stanton, the league's most valuable player (he led the CCL in home runs and runs batted for the Brewster Whitecaps), has been selling for \$3, compared with 50 cents for most players' cards.

three players for the league-champion Wareham Gatemen: Maurice Vaughn, a power-hitting first baseman; shortstop Chuck Knoblauch, whose .361 average led the league in hitting; and pitcher John Thoden, who posted a 10-1 record.

Their cards are available individually, or in sets, from P&L Promotions, which is headed by Leonard Niemi, a dealer who operates a card store in Bourne, Massachusetts, at the southern tip of the Cape. He printed 6,500 sets of the 186 players on the original rosters. A complete set sells for \$29.95; individual team sets go for \$4.

"Some of these players will make it to the big leagues, and some will become stars," said Niemi. "Their pro-rookie Cape Cod cards could be worth a lot of money in the years to come."

As Niemi's cards came out in mid-July, Ball Park Cards of Riverside, Rhode Island, was marketing its own 30-card sets, which include two prospects from each team along with team cards for \$5.95.

SCOREBOARD

BASEBALL

Tuesday's Major League Line Scores

AMERICAN LEAGUE

California 011 200 000-2 7 1

Boston 000 003 010-3 2 9 1

Philadelphia 000 000 000-0 0 0

Seattle 000 000 000-0 0 0

San Francisco 000 000 000-0 0 0

St. Louis 000 000 000-0 0 0

Texas 000 000 000-0 0 0

Toronto 000 000 000-0 0 0

Yankees 000 000 000-0 0 0

White Sox 000 000 000-0 0 0

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TRANSITION

BASEBALL

MILWAUKEE—Called up Chris Bosh, pitcher, from Double-A of the American Association. Put Mark Clear, pitcher, on the 15-day disabled list, retroactive to Aug. 22.

CINCINNATI—Called up Keith Brown, pitcher, from Double-A of the American Association. Put Jose Rijo, pitcher, on the 15-day disabled list, retroactive to Aug. 13.

BASKETBALL

CHARLOTTE—Released Tim Korman, forward-center, and Jeff Moore, forward, picked up the option of Michael Hefflin, guard.

FOOTBALL

CALGARY—Added Frank Battocchia, linebacker, to the practice roster. Reassigned Shawn Fleener, running back, from the reserve list. Transferred Billy Jackson, linebacker, to the practice roster. Released Chris Biese, tight end, and added him to the practice roster.

EDMONTON—Released Howard Woods, defensive tackle, from the practice roster. Transferred Chris Johnston, running back, to the injured list. Released Greg Voyta, quarterback, and Larry Moseley, defensive tackle, and added them to the practice roster.

HAMILTON—Released Ramel Anderson, defensive end, from the practice roster.

WINNIPEG—Activated Gary Allen, running back, and Leon Nettleton, linebacker, from the practice roster. Added Renee Brown, defensive end, to the practice roster. Reassigned Ken Pathway, defensive back, and Steve Deaton, tackle, from the reserve list. Transferred Roy Hurt, wide receiver, and Rod Calloway, linebacker, to the reserve list. Released Ken Halley, defensive back, and Darren Yewchyn, tight end.

NATIONAL FOOTBALL LEAGUE

ATLANTA—Released Alvin Pleasant, Steacy Mobley, Danny James, and Greg Thomas, defensive back, and Leon Nettleton, linebacker, from the practice roster. Added Renee Brown, defensive end, to the practice roster. Reassigned Ken Pathway, defensive back, and Steve Deaton, tackle, from the reserve list. Transferred Roy Hurt, wide receiver, and Rod Calloway, linebacker, to the reserve list. Released Ken Halley, defensive back, and Darren Yewchyn, tight end.

BUFFALO—Released Kevin Brady, place-kicker, and George Winslow, punter, and D.D. Hogsford, cornerback. Put Joe Howard, wide receiver, on the injured reserve.

CHICAGO—Released Law Bernard and Jim Hochstadt, nose tackle; David Soria, center; and Billy With, defensive end. Put Scott Thompson and Mitchell Young, defensive ends, on the injured reserve.

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Abdul-Jabbar Ready for One More Year

By George Vecsey

New York Times Service

NEW YORK — The Legos were piled on a table in the suite overlooking Central Park No. 6, building with plastic blocks is not how Kareem Abdul-Jabbar is spending his summer, but it is how his son, Amir, going on 8, passes his spare time on the road.

Amir's father, going on 42, has been spending a few days publicizing the international Race Against Time, sponsored by CARE, on Sept. 11.

Between appearances, father took son around the city where he grew up, when his name was still Lew Alcindor.

"We went up to the Museum of Natural History," Abdul-Jabbar said Tuesday. "I must have been there 100 times when I was a kid, but the only time I ever visited the Hayden Planetarium was with my day camp. The museum is great. They have an exhibit of Chinese fossils and African history, but Amir is really into dinosaurs."

Amir's father is also a relic from another age. He's still the man the Los Angeles Lakers looked for with 14 seconds left in the sixth game of the National Basketball Association finals in June, but he's also old

Ciccarelli Fined, Jailed for Assault

The Associated Press

TORONTO — Dino Ciccarelli of the Minnesota North Stars was sentenced to one day in jail and fined \$1,000 Wednesday for assaulting an opposing player with his stick during a National Hockey League game last season.

The assault charge was brought after a Jan. 6 incident in which Toronto Maple Leaf Luke Richardson was hit several times on the head. Richardson, 19, was wearing a helmet and was not injured. Ciccarelli, 28, was ejected from the game and given a 10-game suspension by the NHL.

It was his second conviction in a criminal case this year. He pleaded guilty in January to an indecent exposure charge in Minnesota.

Tyson Injured in Street Fight

By Phil Berger

New York Times Service

NEW YORK — Mike Tyson was supposed to begin training Wednesday in Catskill, New York, for his Oct. 8 fight against Frank Bruno in London.

But Tyson got a head start in the wee hours Tuesday morning when he tangled with another boxer, Mitch Green. Tyson said the fight occurred outside an all-night Harlem clothing store.

Tyson suffered a hairline fracture of his right hand, which was placed in a cast that will not be removed for three weeks.

Green said that the fight started with a conversation about their May 1986 fight, which Tyson won on a unanimous decision. "I was telling him, 'You know I didn't really fight you because [promoter] Don King done took my money,'" Green said later Tuesday. "Tyson says: 'You telling me I didn't beat you? O.K., we could do it again now.'"

"I saw him fixing the rings on his fingers, but I didn't think he'd stoop that low. He sucker-punched me. And ran. And his boys held me like they were breaking up a fight, while I was trying to get to him. They hit me cheap shots too. I was trying to get to my car and get a jack. But him and his buddies ran to their car and drove away. Mike Tyson — heavyweight champion of the world — a cheap shot like that."

Kevin Rooney, the champion's trainer, said that his under-

standing was that Green had thrown the first punch.

At a news conference Tuesday night, Tyson and two witnesses, (one of them Walter Berry of the San Antonio Spurs), said Green had bargained them about money owed him by King and was the first to get physical.

Tyson claimed that Green ripped his shirt and showed into him, "ranting and raving" about Tyson and King. "You both owe me. I want my money," Tyson recalled Green's saying. The Associated Press reported.

"I pushed him off. He came back at me. He threw a punch at me," Tyson said. "I was nervous. I hadn't had a fight like a street fight in seven years. ... I had no other choice but to defend myself. He hit me in the chest. I wasn't planning to punch him. I was fighting because I was scared."

Tyson said he punched Green above the eye, damaging his hand in the process.

Police Sgt. Diane Kubler said Green required five stitches to close a cut above his nose and then filed a complaint against Tyson. "It's being investigated by the 25th precinct detective squad," said Kubler.

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